



Ohio Facts

2016 Edition

OHIO LEGISLATIVE SERVICE COMMISSION



**A Broad Overview of
Ohio's Economy,
Public Finances, and
Major Government Programs**

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Introduction

The Ohio Legislative Service Commission (LSC) is pleased to present the 2016 edition of *Ohio Facts*. This publication is designed to provide Ohio legislators, legislative staff, and others with a broad overview of Ohio's economy, public finances, and major government programs.

Ohio Facts offers a series of charts and tables that are generally expanded upon by brief comments. The pages address many questions frequently asked of our office. In all instances, LSC budget analysts and economists have used the most up-to-date data available. Whether you are on the road or in the office, we hope that *Ohio Facts* will serve as a handy and valuable tool. In addition to the printed version, *Ohio Facts* may be viewed on LSC's website at www.lsc.ohio.gov by clicking on *Publications* and then *Ohio Facts*.

The 2016 edition of *Ohio Facts* covers 100 topics in as many pages. These pages are grouped into the following eight categories: Demographics, Economy, Natural Resources and Environment, Public Finances, K-12 Schools, Colleges and Universities, Health and Human Services, and Justice and Public Safety Systems.

If you have any questions regarding the information included on an individual page or if you need additional information on that topic, please contact the LSC analyst listed at the bottom of that page. If you have questions regarding the publication as a whole, please contact LSC Deputy Director Wendy Zhan at (614) 728-4814.

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A Snapshot of Ohio's Population in 2014

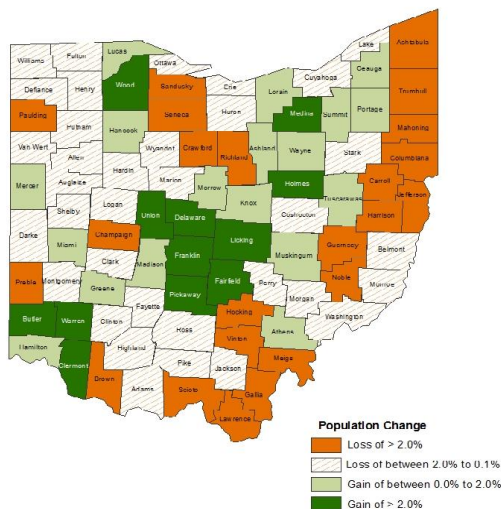
Category	Ohio	United States	Ohio's Rank
Population and Age			
Total population	11,594,163	318,857,056	7
Median age	39.4	37.7	14
Female persons	51.0%	50.8%	18
Foreign born	4.2%	13.3%	38
Persons under 5 years old	5.9%	6.2%	36
Persons under 18 years old	22.7%	23.1%	29
Persons 65 years old or over	15.5%	14.5%	16
Race and National Origin (Selected Groups)			
White	82.1%	73.4%	21
Black or African-American	12.2%	12.7%	17
American Indian or Alaska native	0.2%	0.8%	39
Asian	1.9%	5.2%	33
Hispanic or Latino (of any race)	3.4%	17.3%	42
Education (Persons 25 Years Old or Over)			
High school graduates	89.4%	86.9%	24
College graduates	26.6%	30.1%	36
Homes and Home Life			
Number of households	4,593,172	117,259,427	7
Persons per household	2.46	2.65	41
Households with persons under 18 years	29.8%	31.7%	36
Households with persons 65 years or over	27.6%	27.5%	23
Veterans (in total population 18 years or over)	8.5%	7.9%	31
Households that are married-couple families	45.8%	47.9%	44
Employed (16 years old and over)	58.7%	58.4%	26
Median household money income*	\$49,308	\$53,657	35
Median family income*	\$62,300	\$65,910	29
Median housing value	\$129,100	\$181,200	42
Mean travel to work (minutes)	23.2	26.0	32
Persons speaking a language other than English at home (age 5+)	6.6%	21.1%	41

*A household includes all the people who occupy a housing unit as their usual place of residence. It is possible to have a single-person household. In contrast, a family consists of a group of two or more individuals who reside together and who are related by birth, marriage, or adoption.

Source: U.S. Census Bureau

The State's Recent Population Growth Has Been Strongest in Central Ohio and Suburban Areas

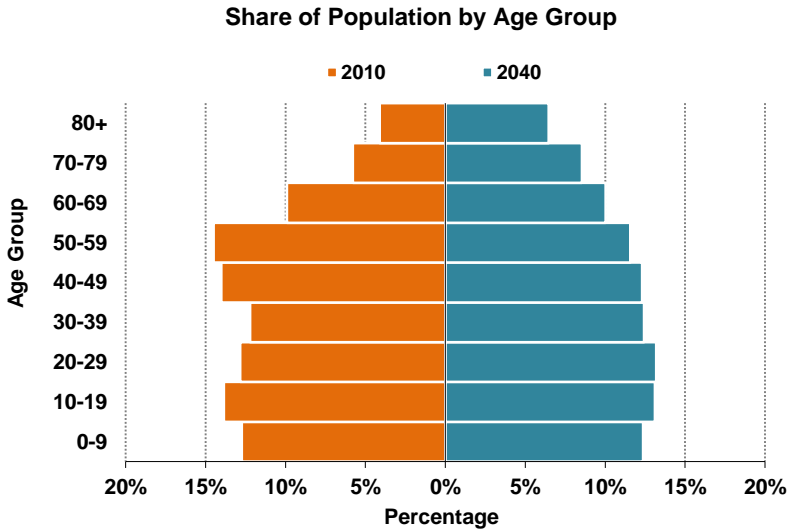
Ohio's Population Growth by County, 2010-2015



Sources: U.S. Census Bureau; Ohio Development Services Agency

- Between the 2010 decennial census and 2015 census estimates, the strongest population growth in the state was in central Ohio. Six central Ohio counties, Delaware, Franklin, Union, Licking, Pickaway, and Fairfield, are among the 12 counties that had population growth of 2% or higher. Various suburban counties around Cleveland, Cincinnati, and Toledo also saw appreciable population growth during this period.
- The population of Delaware County grew by 18,800 people, giving it the highest growth rate in the state (10.8%), while Franklin County added the most total residents (88,300, 7.6%). Cuyahoga County, the state's most populous, lost the most residents (-24,200, -1.9%), while Carroll County lost the largest percentage of its population (-1,000, -3.6%).
- Thirty counties gained population from 2010 to 2015. The average growth rate for these 30 counties was 2.8%. The other 58 counties saw a loss in population with an average declining rate of 1.7%.
- Ohio's total population grew by a modest 0.7% between 2010 and 2015, from 11.54 million to 11.62 million. This rate was below average population growth of 1.5% for the 12 Midwestern states and markedly below the national population growth rate of 4.1% during the same period.

Ohio's Population Is Expected to Continue Aging



Sources: Ohio Development Services Agency; U.S. Census Bureau

- Ohio's population is expected to continue aging over the next few decades. The percentage of Ohioans age 70 to 79 is projected to increase from 5.8% in 2010 to 8.6% in 2040. The percentage of Ohioans age 80 or older is also projected to increase from 4.1% to 6.5%.
- During the same period, the percentage of Ohioans age 30 to 59 is expected to decrease from 40.7% in 2010 to 36.3% in 2040. The percentage of Ohioans age 19 or younger is expected to slightly decrease from 26.6% to 25.5%.
- The life cycle of the Baby Boomer generation is almost entirely responsible for the projected demographic shift. In 2010, there were about 3.2 million Baby Boomers (those born between 1946 and 1964) in Ohio, accounting for 27.7% of the total population. While still primarily of working age (age 46 to 64) in 2010, the youngest of the Baby Boomers will be 76 years old in 2040.
- Ohio's dependency ratio (the combined number of Ohioans age 20 and under and age 65 and over as a percentage of Ohioans age 20 to 64) is also projected to increase from 68.5% in 2010 to 83.0% in 2040.
- According to U.S. Census Bureau estimates, in 2014, Ohio had a median age of 39.1, above the national median age of 37.4. Ohio ranked 13th oldest by median age among the 50 states plus Washington D.C.

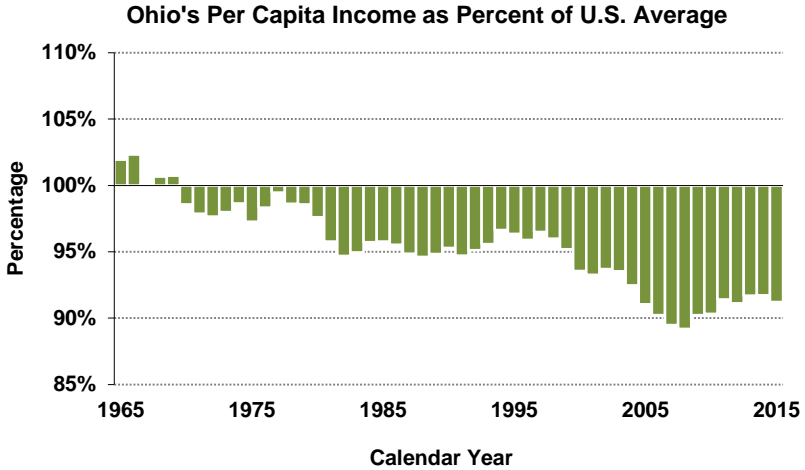
Ohio's Economy Ranks 7th Largest Among States

2015 Gross Domestic Product by State				
State	Total GDP (\$ in billions)		Per Capita GDP	
	Amount	Rank	Amount	Rank
Ohio	\$608.1	7	\$52,363	26
<i>Neighboring States</i>				
Pennsylvania	\$689.2	6	\$53,831	23
Michigan	\$466.5	13	\$47,018	37
Indiana	\$336.4	16	\$50,820	28
Kentucky	\$194.6	28	\$43,986	41
West Virginia	\$73.7	39	\$39,987	48
Top Ranked State	\$2,458.5	California	\$72,793	New York
U.S.	\$17,830.3	--	\$55,474	--

Source: U.S. Bureau of Economic Analysis

- Ohio's gross domestic product (GDP), the broadest measure of economic production, totaled \$608.1 billion in 2015, which was the 7th largest in the U.S., between Pennsylvania (6th) and New Jersey (8th). Ohio's total GDP was higher than those of all neighboring states except for Pennsylvania.
- On a per capita basis, Ohio's GDP of \$52,363 ranked 26th largest in the nation in 2015. Among its neighboring states, only Pennsylvania ranked higher than Ohio, with per capita GDP of \$53,831 (23rd).
- In 2015, Ohio's total GDP accounted for 3.4% of U.S. GDP, compared with 3.6% a decade earlier. Ohio's economy grew more slowly than the U.S. as a whole during the ten years ending in 2015. In nominal terms (i.e., not adjusted for inflation), Ohio's GDP grew at an average rate of 2.6% per year during this period, while GDP for the U.S. grew by 3.2% per year.
- Over the last decade, average annual economic growth in most of Ohio's neighboring states was faster than in Ohio, including West Virginia where GDP growth averaged 3.3% per year, Pennsylvania (3.2%), Indiana (3.1%), and Kentucky (3.0%). Michigan was the only neighboring state with slower GDP growth than that of Ohio, at an average of 1.6% per year.
- If Ohio's economy were compared with the U.S. and other nations, it would have ranked 21st largest in the world in 2015, with 0.8% of world GDP, based on a World Bank measure with GDP in domestic currencies converted into dollars at official exchange rates for almost all countries. On this basis, Ohio's ranking would have been just below Saudi Arabia (20th).

Ohio's Per Capita Income Remains Below U.S. Average



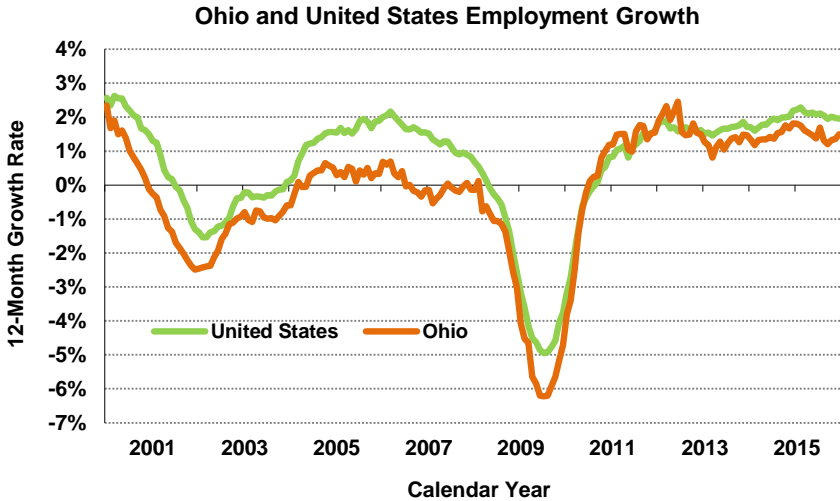
Source: U.S. Bureau of Economic Analysis

- Ohio's per capita income exceeded the U.S. average through 1969, but since that year, has remained below the U.S. average. The gap between Ohio's per capita income and the U.S. average widened over the years, increasing from less than 3 percentage points below in 1980 to over 10 percentage points below in 2007 and 2008, but the gap has declined to about 9 percentage points in 2015.
- In 2015, Ohio's per capita income of \$43,478 ranked 29th in the nation. Connecticut's per capita income was the highest at \$66,972. The lowest, Mississippi, was \$35,444. As shown in the table below, Ohio's per capita income was higher than all neighboring states except Pennsylvania.

Per Capita Income for the U.S., Ohio, and Neighboring States in 2015

State	National Rank	Per Capita Income
U.S.	--	\$47,669
Pennsylvania	17	\$49,180
Ohio	29	\$43,478
Michigan	33	\$42,427
Indiana	38	\$40,998
Kentucky	44	\$38,989
West Virginia	49	\$37,047

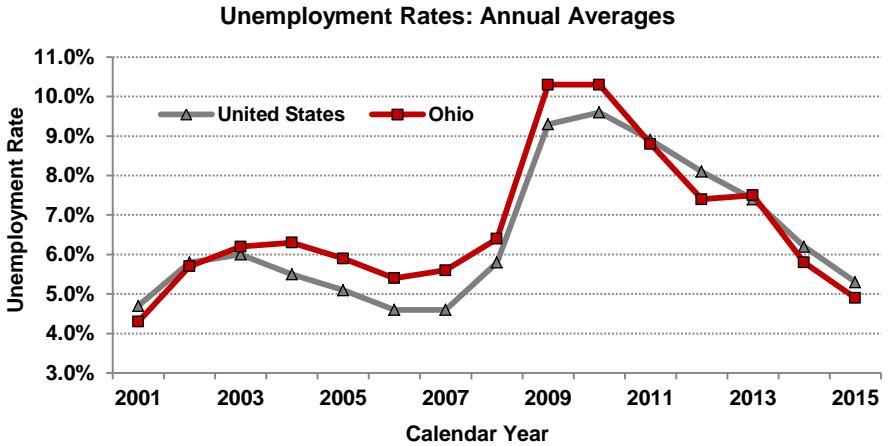
Ohio Employment Grows but Trails National Pace



- The pace of employment growth in Ohio has trailed the national pace during the last 16 years, except for the three-year period between 2010 and 2013. From 2013 through 2015, Ohio nonfarm payroll employment grew at an average of 1.4% on an annual basis. During the same period, United States nonfarm payroll employment grew by 1.9% per year on average.¹
- Ohio exhibited higher sustained rates of job growth since the beginning of 2011 than at any other time during the period from 2000 to 2015.
- U.S. employment's pre-recession peak of 138.4 million people was regained in May of 2014 and employment rose to 143.1 million by the end of 2015. Ohio's employment peaked at 5.6 million in May 2000, and has yet to regain that total, reaching 5.5 million in December 2015.
- From 2013 through 2015, education and health services (48,000), and trade, transportation, and utilities (44,000) added the most jobs in Ohio. Employment grew at the fastest pace in the construction (4.3% annually), mining and logging (3.6%), and leisure and hospitality (2.7%) sectors. Employment was most volatile in the mining industry, which added jobs in 2013 and 2014, but lost many in 2015.
- Over the last three years, information was the only Ohio sector which lost jobs (-3,000). Government sector employment grew by 6,000.

¹ In the chart, each point represents percentage growth over the most recent 12-month period in employment. The December 2015 point, for example, shows percentage growth from December 2014 to December 2015.

Ohio's Unemployment Rate Remains Below National Rate



Sources: U.S. Bureau of Labor Statistics; Ohio Labor Market Information

- In 2015, Ohio's average unemployment rate was 4.9%, which was below the national average of 5.3%. Ohio's unemployment rate was lower than the national rate in four out of the last five years. Prior to 2011, Ohio's unemployment rate exceeded the national rate for eight consecutive years.
- The unemployment rate is measured as the number of the unemployed – people aged 16 or over who do not currently have a job but are actively looking for one – as a percent of the labor force, which is made up of the employed and the unemployed.
- Between 2001 and 2015, Ohio's unemployment rate peaked at 10.3% in 2009 and 2010, before falling to 4.9% in 2015, the lowest rate since 2001. During the same time period, Ohio's labor force peaked at an average of 5.99 million in 2007 before declining to 5.70 million in 2015, its lowest point since 1997.
- Ohio's 2015 unemployment rate of 4.9% was lower than all of its neighboring states, except Indiana (4.8%). Pennsylvania (5.1%), Kentucky (5.4%), Michigan (5.4%), and West Virginia (6.7%) all had higher unemployment rates than Ohio.
- Unemployment rates vary among Ohio's counties. Generally in 2015, the counties with the highest rates of unemployment were on the eastern and southern edges of the state. In total, 54 of Ohio's 88 counties (61%) had unemployment rates within one percentage point (3.9% to 5.9%) of the annual statewide rate. The highest rate among counties was 10.0% (Monroe) and the lowest rate was 3.3% (Mercer).

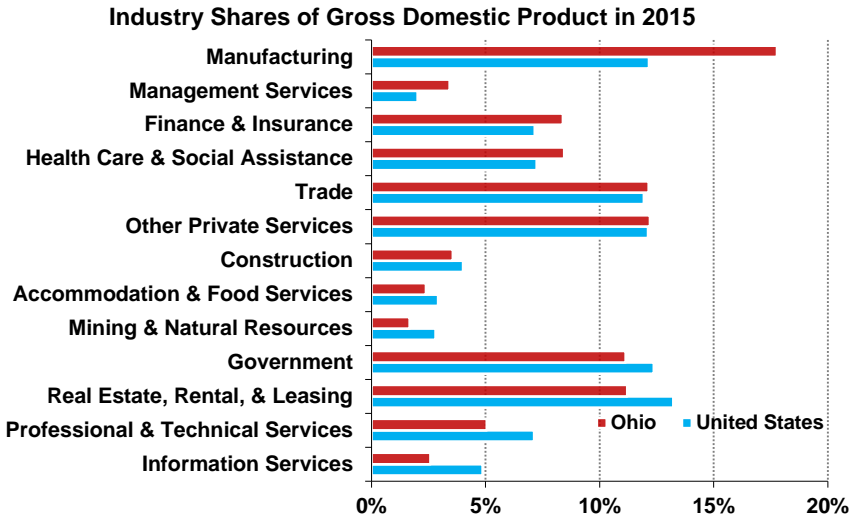
Ohio Employment Continues Shifting Toward Services

Ohio Nonfarm Employment by Sector (in thousands)					
Sector	Calendar Year 2000		Calendar Year 2015		Average Annual Growth
	Number	Share	Number	Share	
Goods-Producing (Private)					
Mining/Natural Resources	12.9	0.2%	14.1	0.3%	0.6%
Construction	246.1	4.4%	200.2	3.7%	-1.4%
Manufacturing	1,021.0	18.2%	686.8	12.7%	-2.6%
Subtotal	1,280.1	22.8%	901.0	16.6%	-2.3%
Service-Providing (Private)					
Trade (Retail & Wholesale)	919.0	16.3%	806.4	14.9%	-0.9%
Transportation & Utilities	196.3	3.5%	206.5	3.8%	0.3%
Information	107.2	1.9%	71.6	1.3%	-2.7%
Financial Activities	305.2	5.4%	292.3	5.4%	-0.3%
Professional & Business Services	644.9	11.5%	715.4	13.2%	0.7%
Educational & Health Services	680.3	12.1%	906.8	16.7%	1.9%
Leisure and Hospitality	483.3	8.6%	539.6	10.0%	0.7%
Other Services	223.3	4.0%	213.2	3.9%	-0.3%
Subtotal	3,559.5	63.3%	3,751.6	69.2%	0.4%
Government	785.1	14.0%	768.6	14.2%	-0.1%
Total	5,624.7		5,421.2		-0.2%

Sources: Ohio Labor Market Information; U.S. Bureau of Labor Statistics

- Between 2000 and 2015, Ohio employment in private service-providing industries increased by 0.4% per year while government employment decreased by 0.1% per year, on average. In contrast, employment in the goods-producing industries fell by an annual average of 2.3% during the same period.
- Due to the diverging trends, the goods-producing industries' share of total employment in Ohio decreased from 22.8% in 2000 to 16.6% in 2015, while the private service-providing industries' share increased from 63.3% to 69.2%. The government sector share increased slightly from 14.0% to 14.2%.
- The share of manufacturing employment in Ohio fell from 18.2% to 12.7% between 2000 and 2015, compared with a nationwide decrease from 13.1% to 8.7%. The Ohio manufacturing industry employed 334,000 fewer people in 2015 than in 2000.
- During the same time, employment growth was strongest in educational and health services. Ohio employment in these fields increased by 227,000, with 193,000 of that coming in health care and social assistance.

Manufacturing's Share of the Economy Is Larger in Ohio Than in Most Other States



Source: U.S. Bureau of Economic Analysis

- Ohio's economy remains more concentrated in manufacturing than the nation as a whole. Output of the state's factories accounted for 18% of Ohio's gross domestic product (GDP) in 2015, while manufacturing's share of the national economy was 12%.
- Other industry groups that comprise a greater share of Ohio's economy than nationwide include management of companies, finance and insurance, and health care and social assistance.
- Manufacturing's larger share of Ohio's GDP reflects the state's historical specialization in the production of durable goods, particularly primary metals, motor vehicles and parts, fabricated metal products, electrical equipment and appliances, nonmetallic mineral products, and machinery, as well as nondurable goods including petroleum and coal products, and plastics and rubber products.
- Eight states derived higher shares of their GDP from manufacturing than Ohio in 2015: Indiana, Oregon, Louisiana, North Carolina, Michigan, Kentucky, Wisconsin, and Iowa.
- Production of goods – in construction, natural resource industries, mining, and manufacturing – accounted for 23% of Ohio's GDP in 2015, higher than the comparable figure for the United States (19%) because of the relatively large share of manufacturing in Ohio. The service sector comprised 77% of the value of economic activity for Ohio and 81% for the nation.

Ohio Ranks 8th Nationally in the Value of Exports

Top Ten States in Exports

2015 Rank	States	2014 (in billions)	2015 (in billions)	% Change 2014-2015
	U.S.	\$1,620.5	\$1,504.6	-7.2%
1	Texas	\$288.0	\$251.1	-12.8%
2	California	\$173.8	\$165.4	-4.9%
3	Washington	\$90.5	\$86.4	-4.6%
4	New York	\$88.5	\$80.5	-9.0%
5	Illinois	\$68.2	\$63.4	-7.1%
6	Florida	\$58.5	\$53.8	-8.0%
7	Michigan	\$55.9	\$53.2	-4.9%
8	Ohio	\$52.2	\$50.7	-3.0%
9	Louisiana	\$64.8	\$49.2	-24.1%
10	Pennsylvania	\$40.4	\$39.4	-2.4%

Sources: U.S. Census Bureau; U.S. Bureau of Economic Analysis; Ohio Development Services Agency

- In 2015, the value of Ohio's exports to foreign countries was \$50.7 billion, 8th highest among the 50 states. Ohio's export value decreased 3.0% from 2014 to 2015, while the U.S. average decreased by 7.2%. Overall, Ohio accounted for 3.4% of total U.S. exports in 2015.
- Ohio's export value was 8.3% of the state's gross domestic product (GDP) in 2015, slightly lower than the U.S. average of 8.4%.
- On a per capita basis, Ohio's exports ranked 16th highest in 2015. Ohio's per capita export value of \$4,365 in that year was 6.8% lower than the U.S. average of \$4,682.
- In 2015, sales of Ohio exports exceeded \$1 billion in Canada, Mexico, China, France, the United Kingdom, Germany, Japan, Brazil, and South Korea. Canada was the largest market, purchasing \$20.1 billion (39.6%) of Ohio's exports, followed by Mexico at \$6.5 billion (12.8%). Ohio's largest overseas market was China, accounting for \$3.3 billion (6.5%).
- Ten of Ohio's production sectors exported over \$1 billion each in 2015. Machinery was the largest at \$9.1 billion, followed by vehicles/not railway (\$8.0 billion), aircraft (\$5.0 billion), electrical machinery (\$3.4 billion), plastics (\$2.9 billion), optical/medical instruments (\$1.8 billion), oil seed/grain (\$1.7 billion), iron/steel products (\$1.4 billion), rubber (\$1.4 billion), and iron and steel (primary, \$1.2 billion). Together, these ten sectors accounted for 70.8% of Ohio's exports in 2015.

Ohio Ranks in Top 10 States in Receipts From Four of its Five Leading Agricultural Commodities

Cash Receipts and Rankings of Ohio's Five Leading Commodities in 2014

Commodity	Value of Receipts (Thousands of Dollars)	% of Ohio Total Receipts	% of U.S. Total Receipts	National Rank
Soybeans	\$2,566,141	25.7%	6.3%	6
Corn	\$2,261,181	22.6%	4.1%	7
Dairy Products	\$1,329,138	13.3%	2.7%	11
Hogs	\$817,316	8.2%	3.1%	9
Chicken Eggs	\$744,317	7.4%	7.3%	2
Top Five Subtotal	\$7,718,093	77.2%	1.8%	--
All Commodities	\$9,994,042	100.0%	2.4%	15

Source: U.S. Department of Agriculture

- In 2014, cash receipts from four of Ohio's five leading agricultural commodities ranked among the top 10 in the nation. The 5th leading commodity, dairy products, ranked 11th. The highest ranking was for chicken eggs (2nd) which has ranked in the top five nationally for the past ten years. Cash receipts from Ohio's five leading commodities totaled \$7.7 billion in 2014 and accounted for 77.2% of the state's total commodity cash receipts.
- Overall cash receipts of Ohio commodities of nearly \$10.0 billion ranked 15th in the United States in 2014 and accounted for 2.4% of the nation's total commodity cash receipts.
- From 2004 to 2014, Ohio's overall cash receipts from commodities increased by 88.7%, from \$5.3 billion to \$10.0 billion. This rate of increase was higher than the national average increase of 77.2% during the same period, but was the second lowest among the five states in the Cornbelt Production Region. Within this region, Ohio was behind Iowa (118.6%), Illinois (115.4%), and Indiana (113.1%), but ahead of Missouri (80.3%).
- Ohio's net farm income, or the return earned by farm operations, was \$2.8 billion in 2014, a decrease of 22.9% compared to net farm income of \$3.6 billion in 2013. National net farm income was \$128.1 billion in 2014, a decrease of 5.1% from 2013 net farm income of \$135.1 billion.
- In 2014, Ohio had 74,500 total farms, 7th most in the nation. The number of farms in Ohio represents 3.6% of the nearly 2.1 million farms nationwide.

Ohio's Median Home Prices Are Rising but Some Areas Still Remain Below Pre-recession Levels

Median Sales Price of Existing Single-Family Homes in Ohio Metropolitan Statistical Areas, 2005-2015					
MSA	2005	2009	2015	% Change 2009-2015	% Change 2005-2015
Akron	\$120,500	\$93,200	\$118,600	27.3%	-1.6%
Canton	\$102,200	\$86,200	\$119,100	38.2%	16.5%
Cincinnati	\$145,900	\$125,800	\$145,400	15.6%	-0.3%
Cleveland	\$138,900	\$106,800	\$125,100	17.1%	-9.9%
Columbus	\$152,000	\$134,900	\$164,700	22.1%	8.4%
Dayton	\$119,700	\$104,100	\$121,700	16.9%	1.7%
Toledo	\$117,300	\$83,400	\$107,300	28.7%	-8.5%
Youngstown	\$85,600	\$66,500	\$81,500	22.6%	-4.8%
Midwest	\$168,300	\$142,900	\$175,500	22.8%	4.3%
United States	\$219,000	\$172,100	\$223,900	30.1%	2.2%

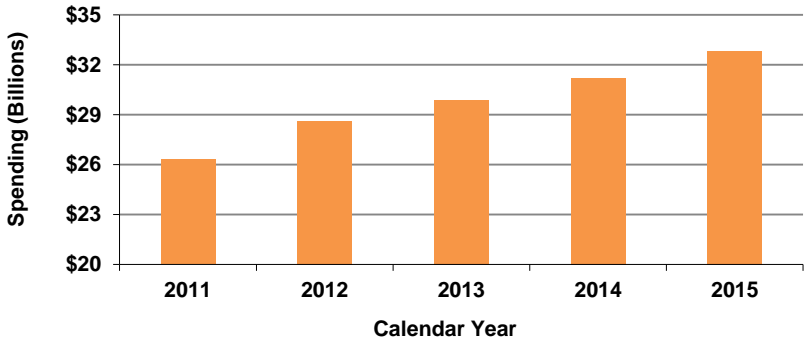
Source: National Association of Realtors

- Between 2009 and 2015, median home prices increased substantially in Ohio's eight metropolitan statistical areas (MSAs), from 15.6% in Cincinnati to 38.2% in Canton. During the same time, median home prices increased 22.8% in the Midwest region, and 30.1% in the United States as a whole.
- Despite median home prices in all Ohio MSAs increasing between 2009 and 2015, they remained below 2005 levels in five of the eight areas. Cleveland (9.9%) and Toledo (8.5%) were the furthest below 2005 levels, while Canton (16.5%) and Columbus (8.4%) were the furthest above.
- Between 2005 and 2015, the median sales prices of existing single-family homes in Ohio's eight MSAs were below the medians of both the United States and the Midwest region. In 2015, the Columbus MSA had the highest median sales price in Ohio, at \$164,700, while the Youngstown MSA had the lowest, at \$81,500.
- Sales volume, as measured by the number of existing homes¹ sold, increased by 6.9% in the Midwest region, from 1.16 million in 2009 to 1.24 million in 2015. The number of homes sold nationwide during this same period increased by just 1.8%.

¹ Existing homes includes single-family homes, condominiums, and co-ops.

Tourism Spending in Ohio Has Grown 25% Since 2011

Total Tourism Spending, 2011-2015

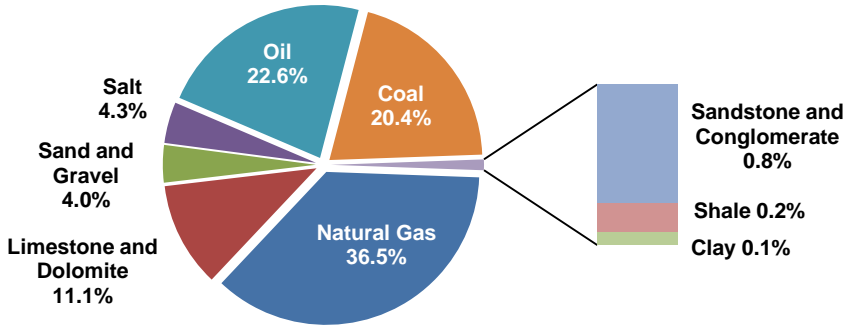


Source: Longwoods International and Tourism Economics

- Visitors, including both in-state and out-of-state travelers, spent a total of \$32.8 billion in 2015 on goods and services directly involved with the tourism industry in Ohio. This encompassed spending in six areas: lodging, food and beverage, retail, recreation, transportation, and air travel.
- Tourism spending in Ohio increased 24.7% from 2011 to 2015 with an average annual increase of 5.7% during this period. Moreover, the 2015 amount represents a 42.6% (\$9.8 billion) increase over the recession low of \$23.0 billion in annual tourism spending back in 2009.
- In 2015, there were approximately 207 million visitors in Ohio. Of that figure, 166 million visitors took day trips in the state and 41 million took overnight trips. The average spending per overnight visitor was \$354, compared to \$110 per day tripper.
- The transportation sector, driven by motor fuel sales, accounted for the largest share of total tourism spending at 30.1% (\$9.9 billion) in 2015. This was a 2.3% (\$217 million) increase over transportation spending in 2014.
- Spending on food and beverage was the second largest category at 25.8% (\$8.5 billion). This sector had the largest annual increase in 2015, rising 7.0% (\$556 million) over 2014 spending on these items.
- Spending on recreation, retail, and lodging comprised 17.0% (\$5.6 billion), 14.0% (\$4.6 billion), and 11.0% (\$3.6 billion), respectively, of total tourism spending in 2015. Compared to 2014 spending on these categories, recreation grew 5.8% (\$307 million), retail grew 5.8% (\$252 million), and lodging grew 5.6% (\$192 million).
- Air travel accounted for the remaining 2.2% (\$726 million) of total tourism spending in 2015, an increase of 5.8% (\$39 million) over 2014.

Natural Gas and Oil Surpassed Coal as Ohio's Most Valuable Mineral Resources in 2014

Value of Minerals Produced in Ohio, 2014

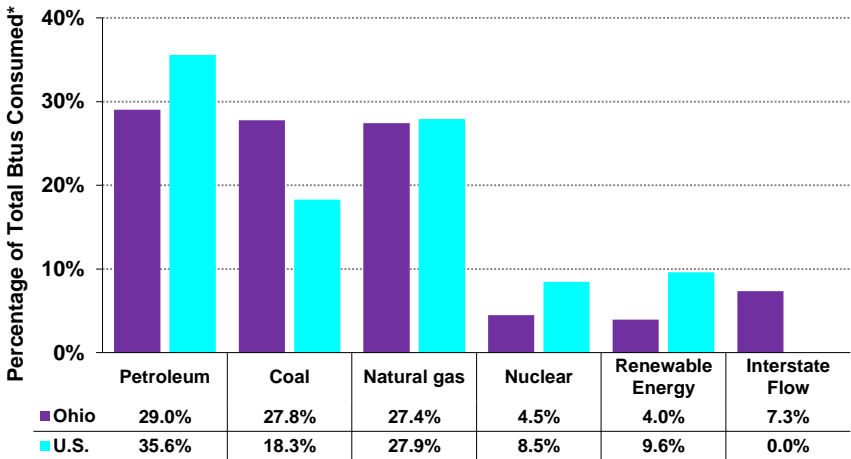


Source: Ohio Department of Natural Resources

- In 2014, natural gas and oil surpassed coal as Ohio's most valuable mineral resources for the first time since 2009. Of the \$5.32 billion in total mineral value for 2014, natural gas provided the largest share at \$1.94 billion (36.5%), followed by oil (\$1.20 billion, 22.6%) and coal (\$1.08 billion, 20.4%). Limestone and dolomite ranked 4th at \$590.0 million (11.1%). In 2009, Ohio's three most valuable mineral resources were coal (\$1.10 billion, 42.2% of the 2009 total), limestone and dolomite (\$391.4 million, 14.9%) and natural gas (\$387.2 million, 14.8%). Oil ranked 4th (\$278.3 million, 10.6%).
- The total value of mineral resources extracted in Ohio more than doubled between 2009 (\$2.62 billion) and 2014 (\$5.32 billion) due primarily to growth in natural gas and oil production.
- Carroll County was the top oil and gas producing county in Ohio in 2014, accounting for 161.8 million mcf of natural gas (31.6% of the state's total) and 4.14 million barrels of oil (27.5% of the state's total). Altogether, gas production occurred in a total of 45 counties and oil production in 55 counties. Almost all of these counties are located above the Marcellus and Utica shale formations in the eastern half of the state.
- In total, 14 counties across the state produced coal in 2014, of which five produced more than 1 million tons. Belmont County was the top coal producing county, accounting for more than 53% (11.7 million tons) of the state's total production of nearly 22.0 million tons.
- For industrial minerals, Wyandot County had the most sales of limestone and dolomite in 2014 (6.1 million tons), while Portage County led in sales of sand and gravel (3.5 million tons). Geauga County led in sales of sandstone and conglomerate, Greene County led in sales of clay, and Cuyahoga County led in sales of both shale and salt.

Petroleum Is Ohio's Largest Energy Source, but Ohio Remains Strongly Reliant on Coal

Ohio and U.S. Energy Consumption by Source, 2014



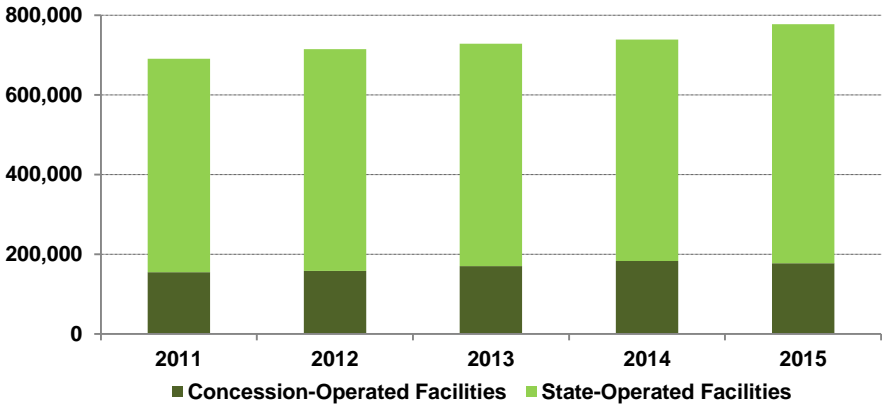
*A Btu (British thermal unit) is a heat unit with which energy consumption is measured. One Btu will raise the temperature of one pound of water by one degree Fahrenheit.

Source: United States Energy Information Administration

- In 2014, petroleum was the largest source of energy consumed in Ohio (29.0%) and in the U.S. (35.6%). Petroleum gained its top ranking in Ohio in 2012 for the first time since the U.S. Energy Information Administration began recordkeeping in 1960. Prior to 2012, coal was the primary source of energy in Ohio.
- Ohio coal consumption declined by 28.6% from 2005 to 2014 but it remained as the 2nd largest energy source, accounting for 27.8% of Ohio's total energy consumption in 2014. It also remained significantly higher than the national average of 18.3% for that year.
- Natural gas ranked as a close 3rd among the energy sources consumed in Ohio in 2014, at 27.4%. It was the 2nd largest source in the U.S., at 27.9% of consumption. Renewable sources made up 4.0% of energy consumed in Ohio in 2014; nationally, these sources made up 9.6%. The remaining 7.3% of Ohio's energy consumption came from sources in other U.S. states.
- Ohio was the 7th largest energy user among the 50 states in 2014, due primarily to Ohio's relatively large population. On a per capita basis, Ohio ranked 21st in the nation in energy consumption.
- Ohio's industrial base requires significant energy resources. Overall energy usage by Ohio's industrial customers tied for 6th among states in 2014, and ranked 3rd in electricity usage behind Texas and California.

Overnight Visits to Ohio State Parks Increase Four Years in a Row

Nights Used at Ohio State Park Overnight Facilities, 2011-2015

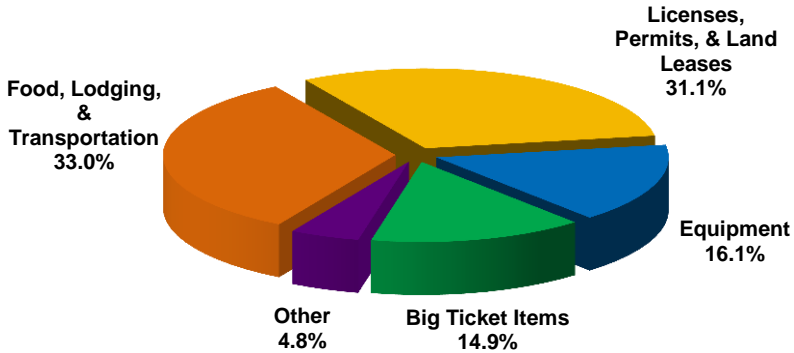


Source: Ohio Department of Natural Resources

- The number of uses of overnight facilities in Ohio's state parks has increased in each of the past four years. Overall, it increased 12.6% from 690,581 nights in calendar year (CY) 2011 to 777,575 nights in CY 2015. The largest annual increase during this period occurred in CY 2015, when overnight uses increased 44,398 nights (5.2%).
- Of the total nights used in 2015, 600,212 (77.2%) were in state-operated campgrounds, cabins, getaway rentals, or group lodges, while 177,363 (22.8%) were in concession-operated lodges and cabins.
- Camping remained the most popular form of overnight stay in Ohio's state parks in 2015, comprising 70.4% of all nights used. Lodges made up 18.4% of nights used, cabins comprised 9.6%, and getaway rentals comprised 1.6%.
- The number of overnight stays in state park lodges has increased the most since 2011 (16.7%). The number of overnight stays at state park campgrounds had the second highest increase over that period (13.1%).
- In FY 2016, \$56.3 million was spent on state park operations. Of this amount, 53.5% was funded by the GRF and the remainder was funded by fees, charges, and other sources.
- In FY 2016, state parks generated \$27.8 million in revenue, a 2.8% increase over FY 2015. The largest source of revenue was camping fees (42.5%), followed by self-operated retail (13.2%), cottage and cabin rentals (12.1%), dock permits (9.1%), and concession fees (5.1%).

Spending on Hunting and Fishing in Ohio Totalled \$2.77 Billion in 2011

Spending on Hunting and Fishing by Category, CY 2011



Source: U.S. Fish and Wildlife Service

- Hunters and anglers spent \$2.77 billion in 2011 pursuing wild game and sport fish in Ohio. Of this amount, the largest portion was spent on trip costs including food, lodging, and transportation. In all, trip costs totaled \$915.3 million (33.0%).
- Licenses, permits, and land leases accounted for \$862.6 million (31.1%) of the total spent on fishing and hunting in 2011. This was followed by \$445.9 million (16.1%) spent on equipment, and \$413.7 million (14.9%) spent on big ticket items such as boats, trucks, and campers. Miscellaneous spending on auxiliary equipment, books, or other related items amounted to \$134.4 million (4.8%).
- Spending on items, services, and trip costs primarily related to fishing accounted for 64.6% (\$1.79 billion) of the total. Primarily hunting-related items, services, and trip costs accounted for 27.2% (\$753.0 million). The remaining 8.2% (\$227.0 million) was spent on items, services, or other costs related to both hunting and fishing.
- A total of 1.56 million people aged 16 or older participated in hunting and fishing in Ohio in 2011. Ohio residents accounted for 1.44 million (92.3%), while nonresident hunters and anglers totaled about 122,000 (7.7%).
- Anglers spent 16.2 million days fishing in Ohio in 2011. About 14 million of these days (86.4%) were spent fishing in inland lakes, ponds, rivers, and streams and about 2.2 million days (13.6%) were spent fishing on Lake Erie. Hunter days in the field totaled approximately 9.0 million, the majority of which were spent hunting deer.

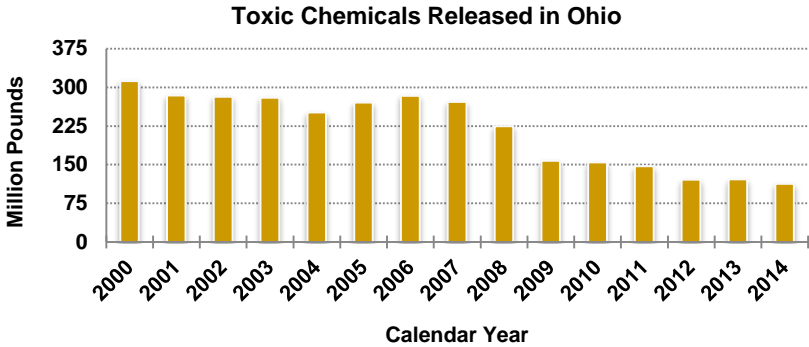
Ohio's 4,894 Public Water Systems Serve 11 Million People Daily

Ohio's Public Water Systems by Category, 2016				
Category	Surface Water	Ground Water	Total Systems	Population Served Daily
Community	297	947	1,244	10,418,601
Nontransient Noncommunity	10	718	728	209,917
Transient Noncommunity	11	2,911	2,922	405,885
Total	318	4,576	4,894	11,034,403

Source: Ohio Environmental Protection Agency

- Ohio's 4,894 public water systems (PWS) provide drinking water to a total of 11 million people daily. Approximately 30% of that population is served by Cleveland, Columbus, and Cincinnati PWS. PWS are regulated by the Ohio Environmental Protection Agency (Ohio EPA).
- There are three types of PWS in Ohio:
 - *Community*: Serves at least 15 water connections used by year-round residents or regularly serves at least 25 year-round residents. Examples include cities, mobile home parks, and nursing homes.
 - *Nontransient noncommunity*: Serves at least 25 of the same persons over six months per year. Examples include schools, businesses, and factories.
 - *Transient noncommunity*: Serves at least 25 different persons over 60 days per year. Examples include parks, highway rest stops, and gas stations.
- Of the 4,894 PWS in Ohio, 4,576 (93.5%) use ground water (wells) which serve 31% of the population and the remaining 318 (6.5%) use surface water (lakes or rivers) which serve 69% of the population.
- In 2015, 4,128 (84.3%) PWS were in compliance with applicable federal Safe Drinking Water requirements. The remaining 766 (15.7%) recorded one or more compliance violations for a total of 1,467 violations of the following:
 - *Monitoring*: Failure to monitor, verify, or report contaminant levels (924/62.9%).
 - *Maximum Contaminant Level*: Failure to notify public, monitor, and correct contaminant problems (395/26.9%).
 - *Consumer Notification*: Failure to provide consumers required annual water quality report (126/8.6%).
 - *Treatment Techniques*: Failure to use established techniques to control unacceptable levels of certain contaminants (22/1.5%).

Ohio's Toxic Chemical Releases Decreased by 63.7% Over Past 15 Years



Source: U.S. Environmental Protection Agency

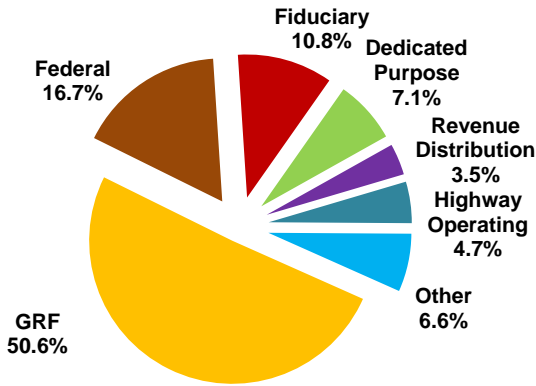
- The amount of toxic chemicals released or disposed of in Ohio, as reported in the Toxic Release Inventory (TRI), declined from 311.9 million pounds in 2000 to 113.3 million pounds in 2014, a decline of 63.7% during this period.
- Three industries – electric utilities (33.8 million pounds), chemicals (28.9 million pounds), and primary metals (24.3 million pounds) – were responsible for 76.7% of Ohio's total releases in 2014.
- Three chemicals – zinc compounds (15.3 million pounds), sulfuric acid (12.3 million pounds), and hydrochloric acid (10.4 million pounds) – were responsible for 33.6% of Ohio's total releases in 2014.
- Ohio ranked 8th nationally in total releases in 2014. Alaska released the largest amount of toxic chemicals (1.2 billion pounds) while Vermont released the least (0.3 million pounds). As seen in the table below, Ohio ranked above all neighboring states except Indiana.
- Through TRI, a database to which facilities are required to report the release of toxic chemicals, the U.S. Environmental Protection Agency tracks the release of more than 650 specific toxic chemicals to air, water, and land. In 2014, 1,373 Ohio facilities reported toxic chemical releases.

Toxic Chemical Release Rankings for Ohio and Neighboring States, 2014

State	National Rank	Toxic Releases (Pounds)
Indiana	5	157,944,886
Ohio	8	113,296,460
Pennsylvania	11	84,927,802
Kentucky	13	71,169,665
Michigan	19	61,201,621
West Virginia	26	36,208,292

General Revenue Fund Accounted for Almost 51% of State Operating Spending in FY 2016

State Operating Spending by Fund Group, FY 2016

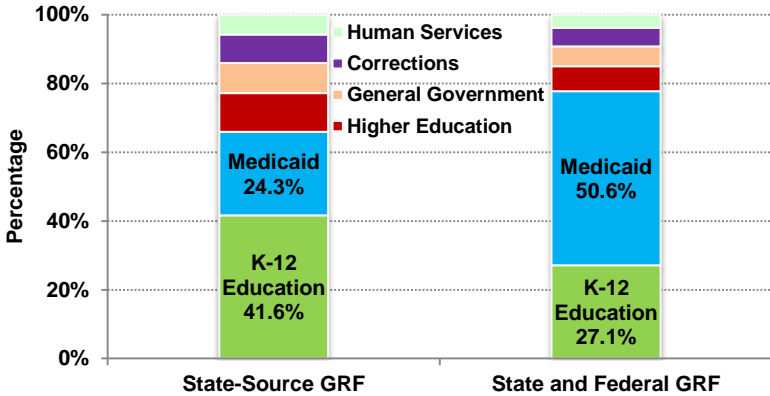


Source: Ohio Administrative Knowledge System

- In FY 2016, state operating spending totaled \$66.33 billion, of which \$33.59 billion (50.6%) was expended from the GRF. The GRF is mainly supported by state tax revenues but also receives federal reimbursements for Medicaid and certain other human service programs.
 - Medicaid comprised the largest share of total GRF spending at \$17.00 billion (50.6%) in FY 2016, followed by K-12 education (\$7.56 billion or 22.5%) and higher education (\$2.22 billion or 6.6%).
- The Federal Fund Group accounted for \$11.05 billion (16.7%) of overall operating spending in FY 2016. Moneys distributed under this fund group support various federal programs that are subject to the state appropriation process. The federal share of total operating spending increases to 34.3% for FY 2016 when the \$11.70 billion in federal reimbursements that was deposited into the GRF is included in the calculation.
- Main spending items from the Fiduciary Fund Group (\$7.15 billion or 10.8%) and the Revenue Distribution Fund Group (\$2.35 billion or 3.5%) include tax refunds to individual Ohioans, state employee payroll and benefit deductions, payments to local governments for the phase-out of the tangible personal property tax, and tax revenue distributions to local governments.
- Spending from the Dedicated Purpose Fund Group (\$4.73 billion or 7.1%) supports various programs with specific revenue sources while spending from the Highway Operating Fund Group (\$3.10 billion or 4.7%) mainly supports the operations of the Ohio Department of Transportation.
- The remaining \$4.36 billion (6.6%) of FY 2016 total state operating spending was distributed from eight other smaller fund groups.

K-12 Education and Medicaid Are the Two Biggest Spending Areas in State Budget

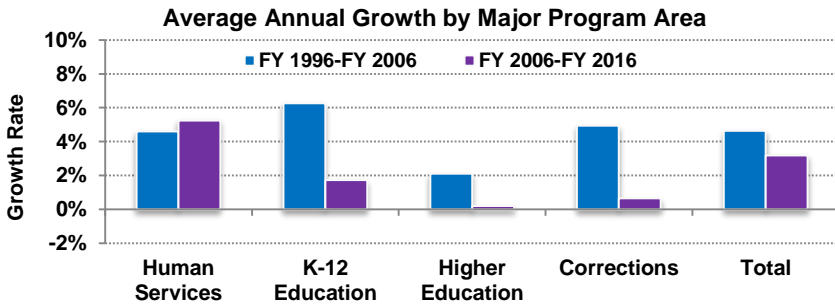
GRF Spending by Program Area, FY 2016



Sources: Ohio Administrative Knowledge System; Ohio Legislative Service Commission

- GRF spending supported by state sources totaled \$21.90 billion in FY 2016. Of this total, 41.6% (\$9.12 billion) went to K-12 Education. K-12 Education has traditionally comprised the largest share of state-source GRF spending, followed by Medicaid, which comprised 24.3% (\$5.33 billion) in FY 2016.
- The remainder of the state-source GRF in FY 2016 went to Higher Education (\$2.46 billion, 11.3%), General Government (\$1.91 billion, 8.7%), Corrections (\$1.82 billion, 8.3%), and non-Medicaid Human Services (\$1.26 billion, 5.8%).
- GRF spending for Medicaid and adoption services is supported by federal reimbursements in addition to state revenue sources. In FY 2016, \$11.70 billion in federal reimbursements was deposited into the GRF, which brought total state and federal GRF spending to \$33.60 billion.
- Medicaid accounted for just over half (50.6%, \$17.00 billion) of total state and federal GRF spending in FY 2016. Medicaid has consistently made up the largest share of total GRF spending. Federal reimbursements comprised 68.6% (\$11.67 billion) of total GRF Medicaid spending in FY 2016 with the remaining 31.4% (\$5.33 billion) paid by the state.
- While K-12 Education consumed the largest share of state-source GRF, it ranked second in total state and federal GRF spending, at 27.1% in FY 2016.
- The Higher Education, General Government, Corrections, and non-Medicaid Human Services shares of FY 2016 total state and federal GRF spending were 7.3%, 5.7%, 5.4%, and 3.8%, respectively.

Total State and Federal GRF Spending in Past Decade Grew More Slowly Than in Prior Decade

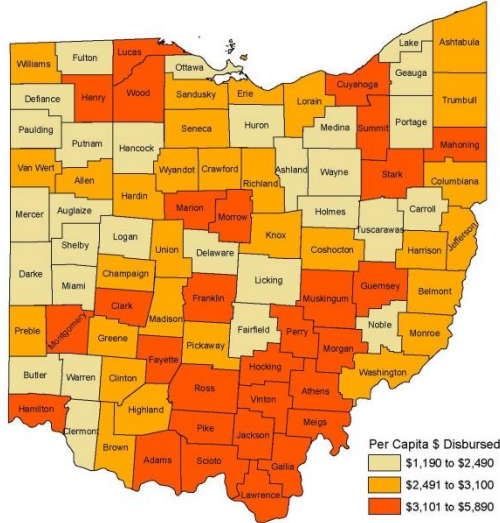


Sources: Ohio Administrative Knowledge System; Ohio Legislative Service Commission

- Total state and federal GRF spending increased by an average rate of 3.2% per year from FY 2006 to FY 2016 compared to 4.7% per year from FY 1996 to FY 2006. Overall GRF spending increased by 112.4%, from \$15.81 billion in FY 1996 to \$33.60 billion in FY 2016.
- Slower growth in total GRF spending over the past decade was heavily influenced by the overall economy and tax policy changes. The Great Recession led to decreases in total GRF tax revenue of 12.0% in FY 2009 and 5.0% in FY 2010. A 4.2% decrease in FY 2014 was due entirely to tax policy changes, mainly an 8.5% reduction in income tax rates for tax year 2013.
- Federal stimulus money provided during the Great Recession helped support a 4.1% increase in total GRF spending in FY 2009. However, overall GRF spending decreased 9.9% in FY 2010, the only decline since FY 1975.
- In the past decade, Human Services, including Medicaid, was the only category that grew faster than overall GRF spending; it averaged 5.3% per year, which was also faster than its growth in the prior decade (4.6%). Spending in this area is heavily influenced by conditions in the overall economy, and by Medicaid eligibility policy and accounting practice changes. Medicaid receives funding from both the GRF and non-GRF funds.
- K-12 Education spending increased by 1.7% per year on average over the past decade, much slower than the 6.3% annual growth rate for the prior decade. From FY 2009 to FY 2016, K-12 Education spending increased 12.2%.
- Higher Education spending growth has been sensitive to changes in the overall state budget. It increased by 0.2% per year on average over the past decade due largely to decreases of 10.6% in FY 2010 and 12.5% in FY 2012. FY 2016 spending for Higher Education was 11.7% below the FY 2009 level.
- Due partly to prison population growth, Corrections spending increased 4.9% per year from FY 1996 to FY 2006. Average growth in the past ten years slowed to 0.7% per year.

State Spends More Total Dollars in Urban Counties, but More Dollars Per Capita in Rural Counties

FY 2015 Per Capita State Spending by County

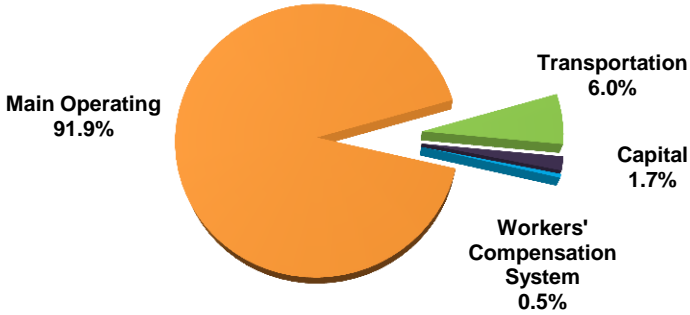


Source: Annual survey of state agencies by LSC

- In FY 2015, the five counties in which the state spent the most total money were Cuyahoga (\$4.32 billion), Franklin (\$4.28 billion), Hamilton (\$2.59 billion), Summit (\$1.77 billion), and Montgomery (\$1.72 billion).
- That same year, the five counties in which the state spent the most money per capita were Athens (\$5,882 per capita), Pike (\$4,493), Vinton (\$4,414), Scioto (\$4,354), and Gallia (\$4,143).
- A total of \$34.43 billion was spent on programs and projects in Ohio's 88 counties in FY 2015.
- Of this total, \$32.28 billion (93.8%) is categorized as subsidies that support Medicaid and public assistance programs, K-12 schools and higher education, distributions to political subdivisions to offset or supplement the costs of certain public services, and loans and grants for economic development. The remaining \$2.15 billion (6.2%) was for capital projects to acquire, construct, or improve physical assets such as land, buildings, and infrastructure.
- The largest portion of state subsidy and capital expenditures went toward health and human services (48.8%), followed by education (36.7%), transportation and infrastructure (6.4%), revenue distribution (4.0%), general government (2.5%), and justice and corrections (1.6%).

Main Operating Budget Authorized 91.9% of Total State Spending in FY 2016

State Spending by Budget, FY 2016
Total: \$67.45 billion



Source: Ohio Administrative Knowledge System

- In FY 2016, state spending totaled \$67.45 billion across all funds. Of this total, \$62.01 billion (91.9%) was authorized by the main operating budget act, \$4.02 billion (6.0%) by the transportation budget act, \$1.12 billion (1.7%) by the capital budget act, and \$310.7 million (0.5%) by the two budget acts for the workers' compensation system.
- The four noncapital budget acts are commonly referred to as the operating budget.¹ While capital appropriations are primarily funded by bonds, operating appropriations are supported by cash from sources such as taxes, fees, and federal grants. The Ohio Constitution requires a balanced operating budget.
- The main operating budget provides funding for all state agencies except the Bureau of Workers' Compensation (BWC) and Ohio Industrial Commission (OIC). BWC and OIC each has its own budget. While the departments of Transportation (DOT) and Public Safety (DPS) receive some funding from the main operating budget, the transportation budget provides the vast majority of funding for DOT and DPS.

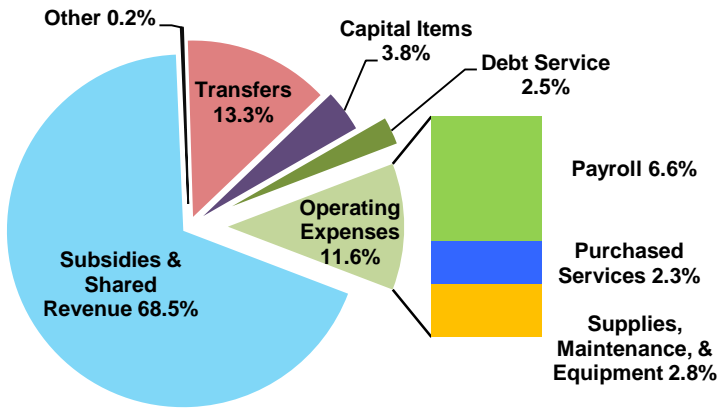
The departments of Medicaid and Education dominate state spending, comprising 34.4% (\$22.80 billion) and 18.2% (\$12.06 billion), respectively, of total operating spending in FY 2016.²

¹ See pages 21 and 25 for more information on state operating spending and page 47 for more information on capital spending.

² See pages 58 and 70 for additional information on these two agencies' operating spending.

State Payroll Amounted to 6.6% of the Total State Operating Budget in FY 2016

State Operating Budget by Category, FY 2016



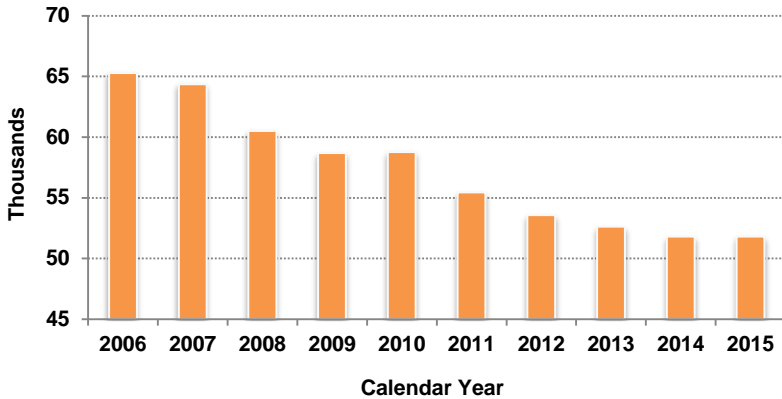
Total: \$66.33 billion

Source: Ohio Administrative Knowledge System

- In FY 2016, state payroll totaled \$4.35 billion across all funds, representing 6.6% of the total state operating budget. Of this amount, \$1.89 billion (43.4%) came from the GRF and the other \$2.46 billion (56.6%) came from various non-GRF funds.
- In addition to payroll, the state spent \$1.51 billion for purchased services and \$1.84 billion for supplies, maintenance, and equipment items. Combined with payroll, these three categories are commonly referred to as state government operating expenses, which totaled \$7.70 billion across all funds, representing 11.6% of the total state operating budget in FY 2016.
- Earned wages, the largest share of payroll costs, totaled \$2.55 billion, or 3.8% of the total FY 2016 state operating budget. This category includes wages for work performed, excluding paid vacation and sick leave time.
- Employee benefits – such as retirement contributions as well as health, vision, dental, and life insurance – represent the second largest portion of payroll costs, amounting to \$1.19 billion in FY 2016.
- The state operating budget for FY 2016 was \$66.33 billion across all funds. Of this total, \$56.85 billion (85.7%) went to three categories: \$45.46 billion (68.5%) for subsidies and shared revenue for various local and state entities, \$8.85 billion (13.3%) for "transfers," including items such as tax refunds and distributions of local taxes collected by the state, and \$2.54 billion (3.8%) for capital items funded with appropriations made in the operating budget, mainly in the transportation budget.

The 2015 State Employee Headcount Remained Near a Ten-Year Low

State Employee Head Count by Calendar Year

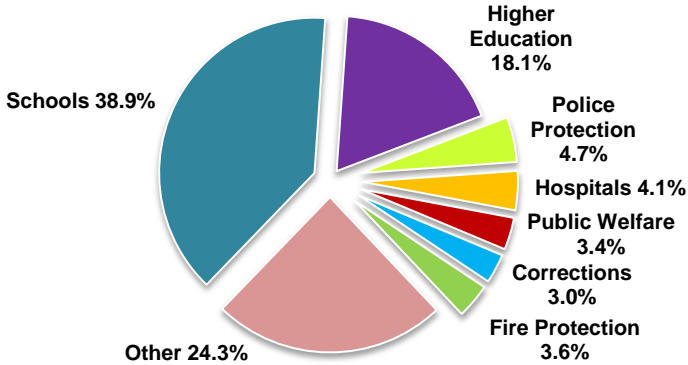


Source: Ohio Department of Administrative Services

- The number of state employees, including employees in the executive, legislative, and judicial branches, fell to a ten-year low of 51,792 in December 2014, but nudged up by fewer than 20 to 51,806 in December 2015. The 2015 count was 20.6% lower than the 65,271 employees in the state workforce in December 2006.
- The largest annual declines in state employees over this ten-year period occurred between 2007 and 2008, when the roster was pared from 64,352 to 60,514 (6.0%), and between 2010 and 2011, when the number of state employees fell from 58,766 to 55,442 (5.7%).
- Of the 51,806 employees on the state payroll in December 2015, 46,348 (89.5%) were employed in permanent full-time positions. Overall, 35,537 (68.6%) employees were in bargaining unit positions.
- There were a total of 99 state employers in the executive, legislative, and judicial branches of government as of December 2015. Together, the ten largest employed 36,125 individuals, or 69.7% of all state employees.
- Two state agencies employed one-third of the state workforce in 2015. The Department of Rehabilitation and Correction was the largest state employer, with 12,012 (23.2%) of the total, followed by the Department of Transportation, with 5,430 (10.5%) state employees. In contrast, half of the 99 state employers had 40 or fewer employees.

Over Half of Ohio Public Employees Worked for Schools and Institutions of Higher Education in 2014

State and Local Government Employee Head Count by Function, 2014

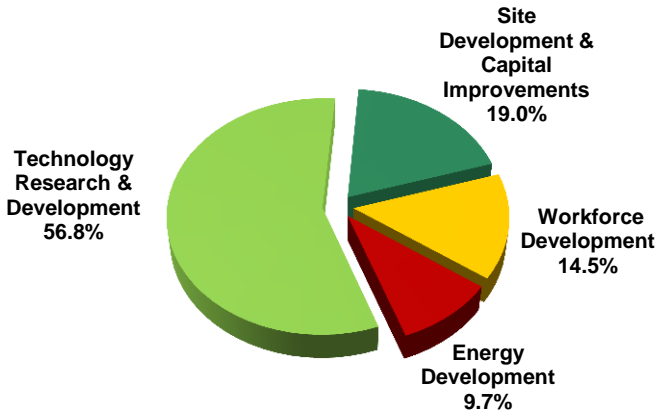


Source: U.S. Census Bureau

- Ohio's state and local government employee head count totaled 713,526 in 2014, of which 38.9% (277,490) worked for public schools and 18.1% (128,936) worked for public colleges and universities. Together, education accounted for 57.0% of total state and local government employment.
- The next largest public employee categories include police protection (4.7%, 33,473 employees), hospitals (4.1%, 29,081), fire protection (3.6%, 25,757), public welfare (3.4%, 23,917), and corrections (3.0%, 21,741). Together, these five sectors represented 18.8% (133,969) of the total state and local government employee head count in 2014.
- From 2004 to 2014, the number of public school employees decreased by 9.5% (28,988) from 306,478 to 277,490. Public school enrollment decreased by 3.8% (68,353) from 1.82 million in FY 2004 to 1.75 million in FY 2014.
- Employment at public institutions of higher education increased by 13.1% (14,922) from 114,014 in 2004 to 128,936 in 2014. Meanwhile, higher education enrollment increased by 7.1% (24,652) from 348,017 in FY 2004 to 372,669 in FY 2014.
- In 2014, the public school employee head count consisted of 183,009 (66.0%) instructional employees and 94,481 (34.0%) other employees, while the higher education employee head count included 42,788 (33.2%) instructional employees and 86,148 (66.8%) other employees.
- Ohio's public employee head count total decreased by 6.5% (49,606) from 2004 to 2014. Increases in higher education and hospitals were more than offset by decreases in almost all other categories.

Over Half of State Economic Development Assistance in FY 2016 Was for Technology R&D Projects

Development Loan and Grant Expenditures by Category, FY 2016



Source: Ohio Administrative Knowledge System

- In FY 2016, the Development Services Agency disbursed a total of \$140.7 million in state loans and grants for economic development assistance. Of this total, \$79.9 million (56.8%) was for programs to support research, development, and commercialization of new technologies, including \$58.9 million under the Third Frontier Program. This program aims to expand high-tech research and promote innovation to foster economic development in the state.
- Grants and loans issued to support private-sector site development and other capital improvements accounted for \$26.7 million (19.0%) of the total. These awards, such as Roadwork Development Grants and 166 Direct Loans, are intended to help businesses and local governments cover the capital costs involved with business location or expansion.
- Workforce development assistance totaled \$20.4 million (14.5%) in FY 2016. The majority of this funding, \$16.5 million, was expended from the Incumbent Workforce Training Voucher Program, a program that provides vouchers of up to \$4,000 per eligible employee to employers in targeted industries to train their existing workers.
- Energy development accounted for the remaining \$13.7 million (9.7%) of the total economic development assistance funding in FY 2016. Of this amount, \$8.6 million was for grants under the Coal Research and Development Program and \$5.1 million was for loans through the Advanced Energy Fund.

Ohio Taxes Were Lower Than the National Average on a Per Capita Basis and Slightly Above as a Share of Personal Income

Combined State and Local Taxes, FY 2013

State	Taxes Per Capita	National Rank	Taxes as % of Personal Income	National Rank
National Average	\$4,617	--	10.4	--
Ohio	\$4,278	24	10.5	16
Neighboring States				
Indiana	\$3,802	33	9.9	28
Kentucky	\$3,515	40	9.8	30
Michigan	\$3,752	34	9.6	33
Pennsylvania	\$4,628	19	10.1	25
West Virginia	\$3,896	29	11.0	15

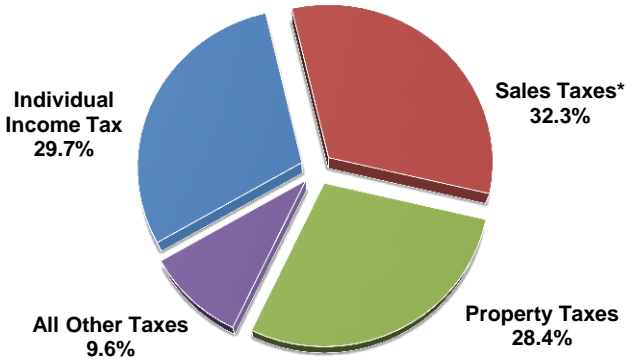
Sources: U.S. Census Bureau; Ohio Legislative Service Commission

- Ohio's combined state and local tax burden, measured by taxes per capita, was \$4,278 in FY 2013. This was lower than the national average of \$4,617 but higher than that of all neighboring states except Pennsylvania.
- Measured relative to personal income, Ohio's tax burden of 10.5% was slightly above the national average. Compared to its neighboring states, Ohio had higher taxes as a percentage of personal income than all except West Virginia.
- For FY 2013, Ohio's state taxes were \$2,380 per capita, below the national average of \$2,688. Local taxes in Ohio averaged \$1,898 per capita, also below the national average of \$1,929.
- For FY 2013, Ohio's state taxes were 5.9% of personal income, below the national average of 6.0%. Ohio's local taxes were 4.7% of personal income, above the national average of 4.3%.
- In FY 2013, Alaska had the highest per capita combined state and local tax burden among the 50 states at \$9,250.¹ Taxes per capita in the District of Columbia were higher at \$9,619. Alabama had the lowest burden at \$3,053.
- Alaska also had the highest level of taxation as a percentage of personal income at 17.9% in FY 2013. South Dakota had the lowest at 7.9%.

¹ The burden of Alaska's taxes historically has fallen heavily on the oil and gas industry. Alaska does not have personal income taxes and has only local sales taxes.

Ohio's State and Local Taxes Are Distributed Fairly Equally Among Income, Sales, and Property

Ohio Combined State & Local Tax Revenue by Source, FY 2013

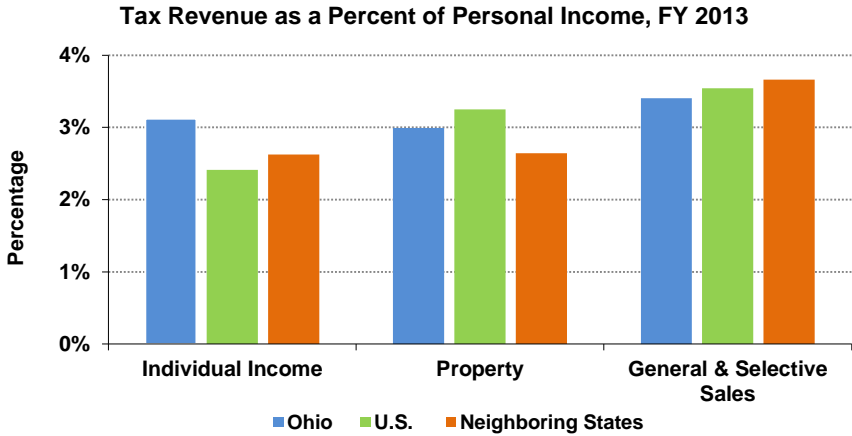


*Sales taxes include general state and local sales tax and gross receipts taxes on sales of specific products, including tobacco products, alcoholic beverages, motor fuels, and utility services.

Sources: U.S. Census Bureau; Ohio Legislative Service Commission

- In FY 2013, state and local taxes on individual income, sales, and property in Ohio raised 90.4% of tax revenues, of which each of the three taxes accounted for about one-third.
- State taxes accounted for 55.6% of Ohio's combined state and local tax revenue in FY 2013. For the U.S. as a whole, state taxes were 58.2% of combined state and local tax revenue.
- Of Ohio's state tax revenue, 50.2% came from sales and gross receipts taxes – of which 31.3% was from the general sales tax – and 35.9% came from the individual income tax. Nationwide, 46.5% of state taxes came from sales and gross receipts taxes – with 30.0% from general sales taxes – and 36.5% of state taxes came from individual income taxes.
- Local taxes comprised 44.4% of Ohio's combined state and local tax revenue in FY 2013. For the U.S. as a whole, local taxes were 41.8% of combined state and local taxes.
- Of Ohio's local taxes, 64.1% came from property taxes, 21.9% from individual income taxes, and 9.9% from sales and gross receipts taxes. Nationwide, 72.8% of local taxes were derived from property taxes, 4.8% from individual income taxes, and 16.8% from sales and gross receipts taxes.

State and Local Governments in Ohio Rely More on Income Taxes Than Other States



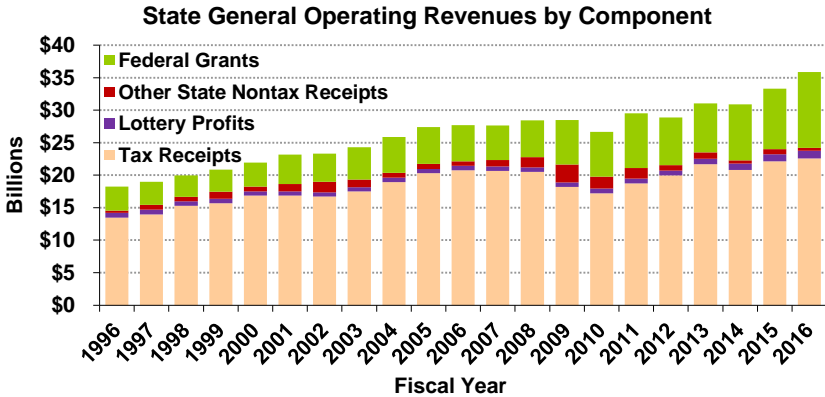
Sources: U.S. Census Bureau; Bureau of Economic Analysis

- In FY 2013, Ohio's state and local individual income taxes as a percentage of total personal income were 3.1%, higher than the U.S. average of 2.4% and the average of its five neighboring states (2.6%). Ohio's percentage was 3.7% in FY 2006, but has been decreasing in recent years due primarily to income tax policy changes.
- Ohio's property taxes were 3.0% of total personal income, which was less than the national average (3.2%), but higher than the average of its five neighboring states (2.6%).
- Ohio's general and selective sales tax receipts were 3.4% of total personal income, which was just below the national average of 3.5% and was also lower than the average of its five neighboring states (3.7%). Selective sales taxes apply to specific products, including motor fuel, alcoholic beverages, tobacco products, and public utilities.

Tax Revenue as a Percent of Personal Income for Ohio and Neighboring States, FY 2013

State	Individual Income	Property	General & Selective Sales
Indiana	2.5%	2.5%	4.2%
Kentucky	3.1%	2.0%	3.6%
Michigan	2.2%	3.4%	3.3%
Ohio	3.1%	3.0%	3.4%
Pennsylvania	2.6%	3.0%	3.1%
West Virginia	2.7%	2.3%	4.1%

State General Operating Revenues Increase

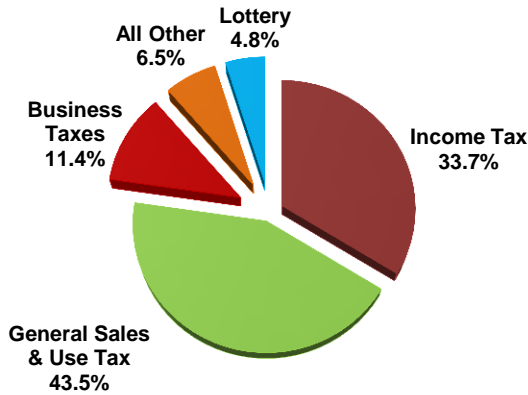


Sources: Ohio Administrative Knowledge System; Ohio Legislative Service Commission

- During the past 20 years, overall state general operating revenues increased by 96.5% from \$18.25 billion in FY 1996 to \$35.85 billion in FY 2016.
- Tax receipts, the largest component of state general operating revenues, reached an all-time high of \$22.57 billion in FY 2016, an increase of 2.0% from FY 2015. Tax receipts grew 6.3% in FY 2015 due to continuing improvement in the economy and a 25¢ increase in the sales tax rate in September 2013.
- In the past two decades, overall tax receipts registered three notable annual decreases: decreases of 11.3% in FY 2009 and 5.4% in FY 2010 due primarily to the Great Recession and a decrease of 4.1% in FY 2014 due mainly to an 8.5% across-the-board income tax rate reduction in tax year 2013. From FY 1996 to FY 2008, on average tax receipts grew 3.6% per year.
- The GRF receives the majority of tax receipts. In FY 2016, \$21.82 billion (96.7%) of total tax receipts went to the GRF and \$748.2 million (3.3%) was distributed to local governments and public libraries.
- The tax receipt share of state general operating revenues has decreased in recent years while the federal grant share has increased due partly to federal stimulus moneys provided during the Great Recession and the Medicaid expansion through the federal Affordable Care Act. From FY 2009 to FY 2016, the average annual share was 66.0% for tax receipts and 27.0% for federal grants compared to 74.0% and 19.0%, respectively, for the period from FY 1996 to FY 2008. In FY 2016, tax receipts and federal grants (\$11.65 billion) comprised 62.9% and 32.5%, respectively, of the total.
- In FY 2016, lottery profits and other state nontax receipts comprised 3.3% (\$1.17 billion) and 1.3% (\$466.3 million), respectively, of the state general operating revenue total. Lottery profits are constitutionally earmarked for primary and secondary education.

General Sales and Income Taxes Lead State-Source GRF and Lottery Profits Receipts

Composition of State-Source GRF and Lottery Profits Receipts, FY 2016



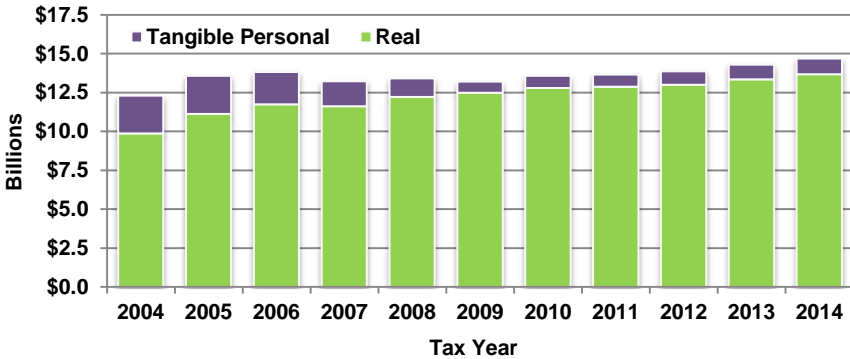
Source: Ohio Administrative Knowledge System

- In FY 2016, total state-source GRF and lottery profits receipts amounted to \$24.21 billion. The general sales and use tax (\$10.54 billion) and the personal income tax (\$8.17 billion) were the two largest revenue sources. Together, they accounted for 77.3% of total receipts in FY 2016.
- General sales and use tax exceeded personal income tax (PIT) as the largest state-source revenue stream the last three years. Prior to FY 2014, the PIT had been the largest revenue source each year since FY 1986. The switch was largely due to policy changes made to each respective tax rate in 2013.
- State-source GRF and lottery profits receipts increased 0.9% from FY 2015 to FY 2016 after growing 7.6% the previous year. Revenue has increased by an average of 3.6% per year since FY 2010.
- In FY 2016, business taxes¹ comprised 11.4% of total state-source GRF and lottery profits receipts, up from a low of 5.3% in FY 2010. The share of revenue from business taxes in FY 2016 was the highest since FY 1999. Other than predominantly recession related decreases in FY 2008 through FY 2012, business taxes generally comprised around 9% to 10% of total state-source GRF and lottery profits receipts over the last 15 years.
- Lottery profits, which totaled \$1.17 billion in FY 2016, are used to help fund state education aid for schools. Profits have grown an average of 13.6% annually since FY 2013 due primarily to expansion of video lottery terminals.

¹ Business taxes in FY 2016 consisted primarily of the commercial activity tax, the financial institutions tax, public utility taxes, insurance taxes, the petroleum activity tax, and some residual revenue from the defunct corporate franchise tax.

Property Tax Revenues Reached a New High in Tax Year 2014

Net Property Taxes Collectible by Property Type



Sources: Ohio Department of Taxation; Ohio Legislative Service Commission

- Net property taxes collectible for tax year (TY) 2014 reached an all-time high of \$14.71 billion. This was an increase of 2.8% (\$406 million) from TY 2013, which was the previous peak year.
- Increases in property taxes in recent years came mainly from higher taxes on real property. From TY 2004 to TY 2014, net taxes collectible on real property rose 39%, while taxes on tangible personal property fell 58%.
- The tangible personal property tax was phased out in TY 2009 for general business and in TY 2011 for telephone and inter-exchange telecommunications companies. Public utilities (inclusive of certain pipeline operators) remain subject to the tax.
- Property taxes in Ohio fund local governments, except for a small deduction retained by the state for costs of tax administration. About \$2 of every \$3 in property taxes collected go to school districts.
- Generally, taxes owed on residential and agricultural real property are net of a 10% reduction, an additional 2.5% reduction on owner-occupied residences, and a homestead exemption for certain homeowners who are age 65 or older or disabled. The state reimburses local governments for these tax rollbacks, except for levies approved after the November 2013 election, as enacted in H.B. 59 of the 130th General Assembly.
- In TY 2007, the homestead exemption was increased to \$25,000 of market value and an income test to qualify was eliminated. A new income test, which is adjusted annually for inflation, was enacted by H.B. 59 for all new applicants who become eligible on the basis of age or disability status after 2013. The income threshold was \$31,000 in TY 2015.

Property Taxes Accounted for 63% of Local Government Tax Revenue in 2013

Ohio's Local Tax Revenue by Source, 2013

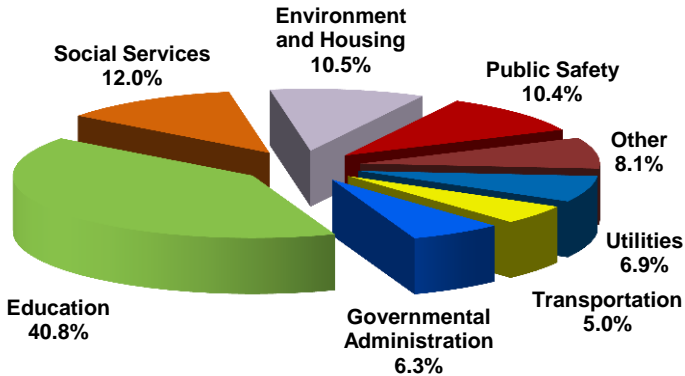


Source: Ohio Department of Taxation

- In calendar year 2013, local tax revenue in Ohio totaled \$24.81 billion. Property taxes amounted to \$15.62 billion. Receipts from municipal and school district income taxes and the local share of the estate tax were \$5.31 billion. Sales and use taxes provided \$2.07 billion. Business taxes, consisting of the commercial activity tax (CAT) and the kilowatt-hour tax (kWh), added \$0.64 billion. Other taxes (casino, admission, alcohol, cigarette, lodging, motor vehicle fuel, and motor vehicle license) generated the remaining \$1.17 billion.
- Property taxes accounted for 63.0% of total local tax revenue in 2013, down from a high of 67.9% in 2005. The decrease is primarily the result of the phase-out of taxes on business tangible personal property (equipment, inventories, furniture, and fixtures) for general business from 2006 to 2009 and for telephone and inter-exchange telecommunications companies from 2007 to 2011.
- Over the decade ending in 2013, total local tax revenue grew at an average of 3.3% per year. Annual growth rates were higher in the mid-2000s, but slowed in 2008 and 2009. After that, total local tax revenue grew modestly the last four years. Tax revenue increased by 2.3% and 2.0% in 2012 and 2013, respectively.
- From 2003 to 2013, growth was fastest in the "other taxes" category, averaging 6.6% annually, due primarily to casino tax collections that started in 2012. Local sales and use tax growth followed at an average of 4.0% per year. Income and estate taxes grew at an average of 3.4% annually. Property tax growth averaged 2.5% per year.
- The state distributes CAT and kWh receipts to local governments to replace lost tangible personal property tax revenue. The receipts accounted for 2.6% of total local tax revenue in 2013, down from 3.5% in 2012.

Local Government Expenditures in Ohio Totalled \$54.45 Billion in FY 2013

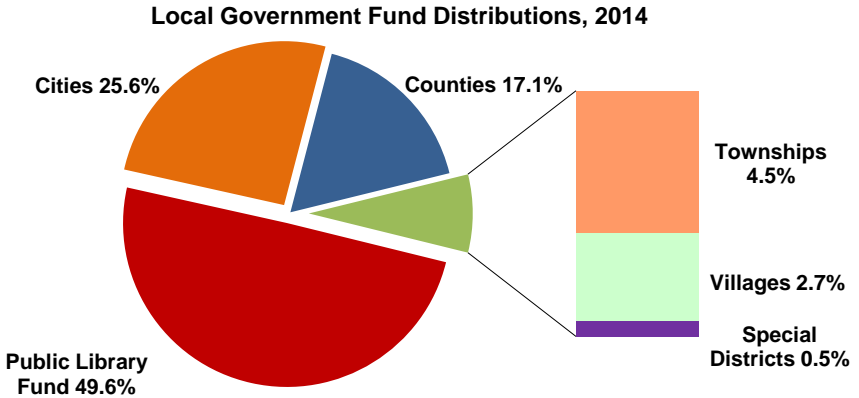
Ohio's Local Government Spending by Category, FY 2013



Source: U.S. Census Bureau

- Expenditures of Ohio's local governments totaled \$54.45 billion in FY 2013. Of that amount, \$5.88 billion (10.8%) was for capital outlays and the remaining \$48.57 billion (89.2%) was for operating expenses.
- Almost three-quarters of local government spending in FY 2013 occurred in the following four areas: Education (\$22.21 billion, 40.8%), Social Services (\$6.56 billion, 12.0%), Environment and Housing (\$5.71 billion, 10.5%), and Public Safety (\$5.66 billion, 10.4%).
- Local government payroll amounted to \$21.38 billion in FY 2013, representing 39.3% of total spending.
- Revenue among Ohio's local governments totaled \$55.20 billion in FY 2013, of which \$51.95 billion (94.1%) was general revenue.
- In FY 2013, local governments generated \$32.60 billion (62.8%) of general revenue from their own sources, including \$14.06 billion from property taxes; \$7.89 billion from income, sales, and other taxes; and \$10.65 billion from charges and other earnings.
- Transfers from the state government accounted for 32.3% (\$16.77 billion) of local government general revenue in FY 2013. Transfers from the federal government made up another 5.0% (\$2.58 billion) of local government general revenue in that same year.
- There are 88 counties, 937 municipalities, 1,308 townships, 668 public school systems, and 841 special districts counted among local governments in Ohio. As of June 30, 2012, Ohio ranked 5th highest among the 50 states in number of local governments.

Libraries and Cities Receive the Largest Shares of Distributions From the Local Government Funds

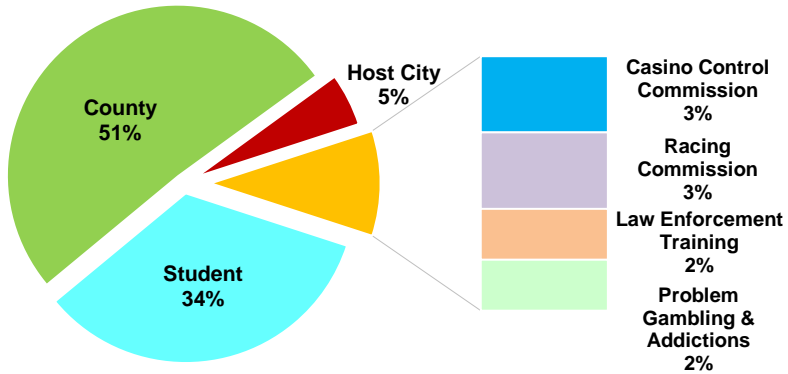


Sources: Ohio Department of Taxation; Ohio Legislative Service Commission

- In 2014, a total of \$695 million was distributed to subdivisions across the state from the Local Government Fund (LGF) and the Public Library Fund (PLF), the two funds that receive revenues from state taxes. Of this total, \$350 million (50.4%) was distributed from the LGF and \$345 million (49.6%) was distributed from the PLF.
- LGF distributions went to cities (\$178 million or 25.6% of total LGF and PLF distributions), counties (\$119 million or 17.1%), townships (\$31 million or 4.5%), villages (\$19 million or 2.7%), and special districts, mostly parks (\$3 million or 0.5%). Nearly all PLF distributions went to public libraries, with a small amount to local governments.
- Counties distribute money from the local government funds to subdivisions, including county government itself, based on state-determined formulas and on rules set by each county budget commission. In addition, municipalities receive direct LGF distributions if they received such distributions from the state in 2007, based on income tax levies.
- Under continuing law, the LGF and PLF each receives 1.66% of total GRF tax revenues. For FY 2016 and FY 2017, however, H.B. 64 of the 131st General Assembly temporarily increased the PLF's share to 1.70%.
- Due in part to statutory changes and in part to the Great Recession itself, distributions from the LGF and PLF declined from 2008 through 2014. Total distributions decreased by \$501 million (42%) during this period, of which \$396 million was made to the LGF.
- LGF and PLF distributions began to grow again in 2015. Total distributions from the two funds increased by \$59 million (8%) from 2014.

Casino Tax Revenue Totaled \$269.3 Million in FY 2016

Casino Tax Revenue by Fund, FY 2016

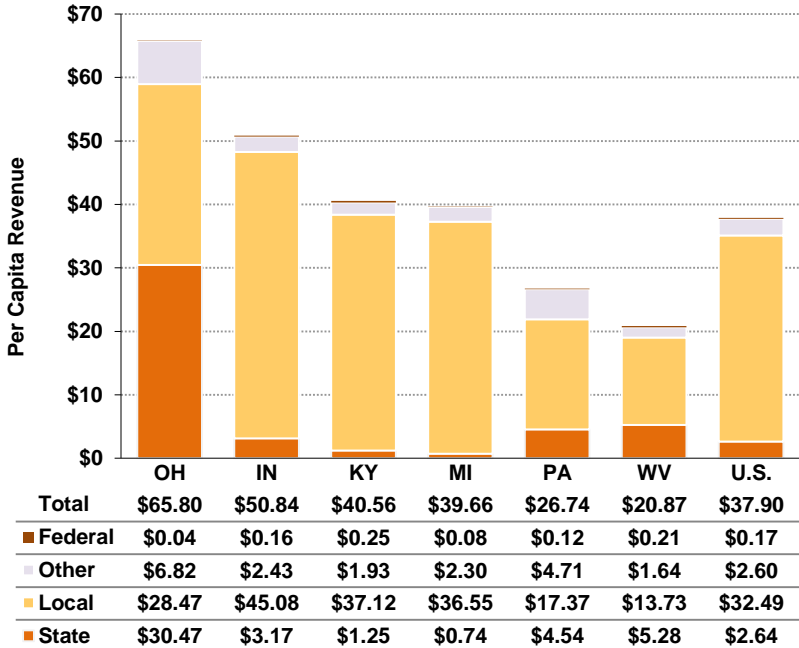


Source: Ohio Department of Taxation

- In FY 2016, casino tax revenue totaled \$269.3 million. Of this total, \$137.3 million (51%) was deposited into the County Fund, \$91.6 million (34%) into the Student Fund, \$13.5 million (5%) into the Host City Fund, \$8.1 million (3%) each into the Casino Control Commission and Racing Commission funds, and \$5.4 million (2%) each into the Law Enforcement Training and Problem Gambling and Addictions funds.
- Wagering at casinos totaled \$7.88 billion in FY 2016. Gamblers bet 83% of that amount at about 7,924 slot machines statewide, and the remainder at 440 tables. The resulting gross casino revenue was about \$817 million.
- Gross casino revenue is subject to the tax at a rate of 33%. Both the tax rate and the distribution of tax proceeds are specified in the Ohio Constitution.
- Moneys from the County Fund are distributed to all 88 counties, on a quarterly basis, based on each county's share of Ohio population. The cities of Akron, Canton, Cincinnati, Cleveland, Columbus, Dayton, Toledo, and Youngstown each receive 50% of their respective county's allocation.
- Moneys from the Student Fund are distributed to all school districts, in January and August, based on each school district's student population.
- As host cities, Cincinnati, Cleveland, Columbus, and Toledo receive 5% of the tax revenue generated from the casino located within their territory.
- From the first casino's opening in May 2012 through June 2016, a total of \$990 million in casino tax revenue was distributed statewide. Of that total, \$505 million went to counties, \$336 million went to schools, and \$49 million went to host cities.

Ohio Leads Country in State Funding for Public Libraries

Per Capita Operating Revenue of Public Libraries, FY 2013

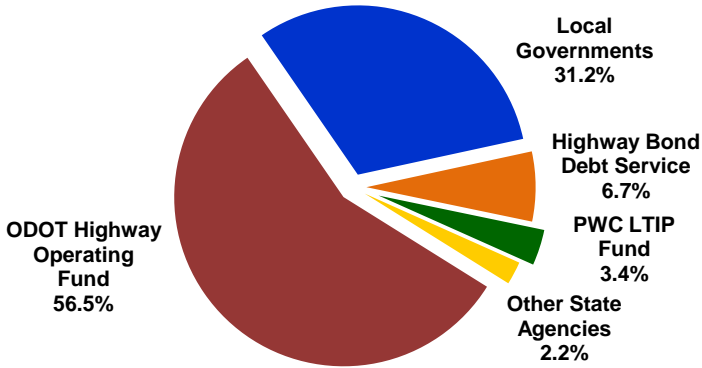


Source: Institute for Library and Museum Services

- Ohio leads the country in state per capita operating revenue of public libraries. In FY 2013, the state per capita operating revenue of public libraries in Ohio was \$30.47, almost 12 times higher than the U.S. average of \$2.64 and far exceeding that of neighboring states.
- Ohio's per capita state funding increased 2.4% from its FY 2012 level of \$29.76, but is lower than ten years ago in FY 2003 when it was \$39.87.
- As state funding per capita decreased in Ohio, local funding per capita increased from \$12.31 in FY 2003 to \$28.47 in FY 2013. However, local funding per capita remains below the U.S. average of \$32.49 in FY 2013.
- Ohio's total funding per capita of \$65.80 for FY 2013 ranked 2nd in the nation, 1.0% lower than the highest state, Illinois (\$66.45). Illinois's state and local funding shares were 4.1% and 90.5%, respectively.
- In FY 2013, Ohio's total funding per capita was 73.6% higher than the U.S. average of \$37.90.
- Ohio has over 700 individual library locations in 251 public library systems.

Motor Fuel Tax Revenue Supports State and Local Roads and Bridges

Motor Fuel Tax Distribution in FY 2016



Sources: Ohio Administrative Knowledge System; American Petroleum Institute

- Revenue from the motor fuel tax (MFT) is distributed to various state agencies and local governments, using a statutory formula, to support roads and bridges across the state. Distributions totaled \$1.80 billion in FY 2016.
- The Highway Operating Fund, which is used by the Ohio Department of Transportation (ODOT), received the largest share at 56.5% (\$1.01 billion) of the total MFT revenue distributed in FY 2016. Local governments received the second largest share at 31.2% (\$561.0 million).
- In FY 2016, 6.7% (\$119.7 million) of total MFT revenue was used to cover debt service on highway capital improvement bonds issued to fund highway construction and pavement and bridge preservation projects.
- One cent per gallon of the MFT (\$61.5 million or 3.4% of total MFT revenue in FY 2016) is directed toward the Public Works Commission's Local Transportation Improvement Program (LTIP), which provides additional funding to local governments for road and bridge projects.
- In FY 2016, MFT revenue saw its first annual decrease since FY 2012. It declined 2.4% (\$45.6 million) from FY 2015, the year in which the MFT generated the highest annual revenue of \$1.84 billion over the ten-year period from FY 2007 to FY 2016.
- Ohio's motor fuel excise tax is 28¢ per gallon for both gasoline and diesel fuel. Coupled with the federal taxes on gasoline (18.4¢ per gallon) and diesel (24.4¢ per gallon), the price of motor fuel purchased in Ohio includes total taxes of 46.4¢ per gallon on gasoline and 52.4¢ per gallon on diesel. As of April 2016, Ohio's total MFT rates rank 26th highest in the nation for both gasoline and diesel.

Ohio's Motor Vehicle License Taxes Generated \$488 Million in 2015 for Local Transportation Infrastructure

Distributions to Local Governments for Roads and Bridges, 2015 (\$ in Millions)			
Local Government	State Motor Vehicle License Tax	Permissive Local Motor Vehicle License Taxes	Total
Counties	\$236.9	\$105.9	\$342.9
Municipalities	\$60.6	\$52.4	\$113.0
Townships	\$15.7	\$16.0	\$31.7
Total	\$313.2	\$174.3	\$487.6

Source: Ohio Department of Public Safety

- In 2015, a total of \$487.6 million in state and local motor vehicle license tax revenues was distributed to counties, municipalities, and townships to provide funding for the planning, construction, and maintenance of roads and bridges. This total consisted of \$313.2 million in state motor vehicle tax license revenue and \$174.3 million in local permissive motor vehicle tax license revenue.
- Over the past ten years, an annual average of \$465 million in state plus local permissive motor vehicle license tax revenues was distributed to local governments. The amount distributed ranged from a low of \$449.5 million in 2009 to a high of \$487.6 million in 2015.
- Generally, all motor vehicles must be registered annually, with the owner of a passenger car paying a state motor vehicle license tax of \$34.50, distributed as follows: \$20 to local governments, \$11 to the state Highway Safety Fund for the administration and enforcement of traffic laws, and \$3.50 to deputy registrars or the Bureau of Motor Vehicles as a service fee. The state tax for other vehicles varies, with commercial trucks and tractors taxed according to weight.
- Permissive motor vehicle license taxes are levied by local governments in \$5 increments. The total amount cannot exceed \$20 per vehicle. Levy authority is as follows: (1) counties – up to \$15, (2) municipalities – \$5 to \$20, depending on the amount levied by the county, and (3) townships – \$5.
- The total amount of state plus local permissive motor vehicle license taxes for a passenger car ranges from \$34.50 to \$54.50.
- Of the more than 12.4 million vehicle registrations processed in 2015, over 8.6 million were passenger cars.

Local Governments Are Responsible for Most of Ohio's Roadways

Centerline Miles by Roadway Type			
Roadway Type	ODOT Maintained	Locally Maintained	Total
Interstate Routes*	1,333	--	1,333
U.S. Routes	3,030	887	3,917
State Routes	11,685	2,297	13,982
Local Public Roadways	0	102,290	102,290
Total	16,048	105,474	121,522

*Excludes the Ohio Turnpike, which is maintained by the Ohio Turnpike and Infrastructure Commission.

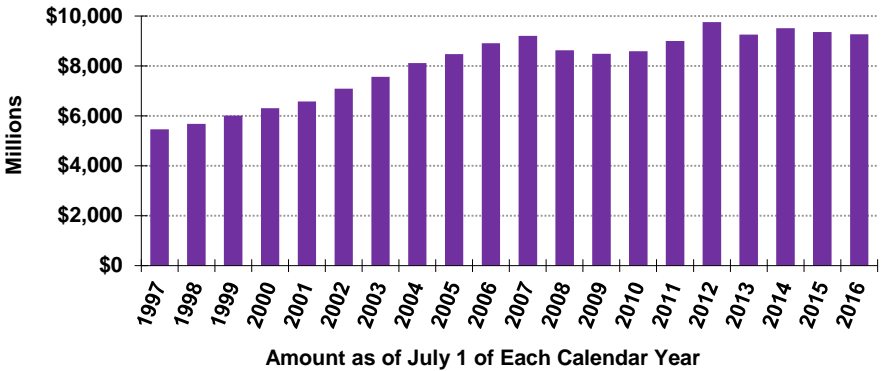
Source: Ohio Department of Transportation

- Ohio's public roadway system, consisting of numbered interstate routes, U.S. routes, state routes, and local public roadways, contains 121,522 centerline miles of roadway.¹ Local governments are responsible for maintaining 86.8% or 105,474 centerline miles, while the Ohio Department of Transportation (ODOT) is responsible for maintaining the other 13.2% or 16,048 centerline miles.
- ODOT is responsible for maintaining all interstate highways (excluding the Ohio Turnpike) and U.S. and state routes outside municipal boundaries. Municipal corporations (cities and villages) are responsible for U.S. and state routes within their borders. Local governments are also responsible for all local public roadways.
- As of April 2015, there were an estimated 183.5 million daily vehicle miles traveled (VMT) on the state highway system, on average. Passenger vehicles accounted for 88.6% of that total and trucks accounted for 11.4%.
- About 42.4% of average daily travel on the state highway system occurred on the interstate (77.7 million VMT), while the remaining 57.6% (103.8 million VMT) was on U.S. and state routes. These figures were calculated by multiplying the centerline miles by average daily traffic on those roads.
- Overall, Ohio's highway transportation infrastructure system ranks 8th in the nation with just under 123,000 centerline miles of public roadway, and ranks 2nd in the number of bridges with about 27,000.

¹ Centerline miles are used to measure the total linear mileage of a roadway, regardless of the number of lanes. A one-mile road with a lane in each direction and one mile of a divided freeway with four lanes in each direction count equally in terms of centerline miles.

Outstanding GRF-Backed Debt in 2016 Is 5% Below the 2012 Peak

Total Outstanding GRF-Backed Debt

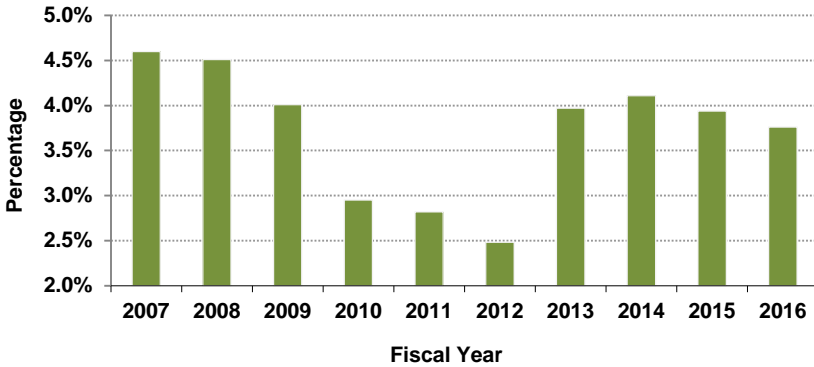


Source: Ohio Office of Budget and Management

- As of July 1, 2016, Ohio's outstanding debt payable from the GRF totaled \$9.27 billion. This is a decrease of 0.9% (\$83 million) from the previous year and 5.0% (\$489 million) below the 2012 peak level of \$9.76 billion.
- The 2012 peak is 6.0% (\$549 million) above the previous high of \$9.21 billion on July 1, 2007. Total GRF-backed debt declined in 2008 and 2009 due largely to the use of cash from securitization of Tobacco Master Settlement payments for various capital projects. After that, outstanding debt grew three years in a row and reached its peak level in 2012.
- From 1996 to 2016, total GRF-backed debt grew by 78.2%, with an average annual growth rate of 2.9% over the 20-year period.
- On a per capita basis, Ohio's outstanding debt payable from the GRF has grown from \$778 in 2006 to \$798 in 2016, a total increase of 2.6% during the most recent ten-year period.
- Of the total debt on July 1, 2016, \$7.59 billion was general obligation (GO) debt and \$1.68 billion was special obligation (SO) debt. The issuance of both GO and SO bonds must be authorized by the Ohio Constitution. Whereas debt service payments for GO bonds are secured by the full faith, credit, and taxing power of the state, debt service payments for SO bonds are subject to appropriations of the General Assembly.
- GO bonds have been issued for the following purposes: primary and secondary education; higher education; natural resources; conservation; local infrastructure; coal development; Third Frontier research and development; the development of sites for industry, commerce, distribution, and research and development; and veterans' compensation.

Ohio's Debt Service Ratio Returns to Historically Typical Levels in Recent Years

Debt Service Ratio, FY 2007-FY 2016



Source: Ohio Office of Budget and Management

- Ohio's debt service ratio was 3.76% at the end of FY 2016. Since FY 2013, the ratios have been at more typical levels following a period of decreases. This ratio is measured by calculating debt service payable from the GRF as a percentage of the combined revenue from the GRF and net lottery profits.
- The debt service ratio decreases from FY 2008 to FY 2012 were primarily due to debt restructuring and tobacco securitization, which reduced GRF debt service payments. The 2007 tobacco securitization provided \$2.84 billion cash for FY 2008 through FY 2010 for K-12 and higher education capital projects that would otherwise have been funded by GRF-backed debt.
- As a percentage of personal income, the state's total debt service payable from the GRF decreased from a peak of 0.30% in FY 2007 to 0.26% in FY 2016.
- In FY 2000, Ohio's Constitution established a 5% "cap" on the amount of GRF-backed debt that the state may incur in a given fiscal year. That is, the state cannot issue additional GRF-backed debt if total debt service payments in any future fiscal year would exceed 5% of the total GRF and net lottery profits revenue in the year of issuance, unless the 5% cap is waived by voters or by a three-fifths vote of each house of the General Assembly.
- As of July 1, 2016, Ohio general obligation (GO) bonds received the second highest possible rating from all three major rating agencies, AA+ by Standard & Poor's, AA+ by Fitch, and Aa1 by Moody's. Bond ratings indicate a rating agency's opinion on an issuer's ability to manage its debt effectively and make the required payments on schedule.

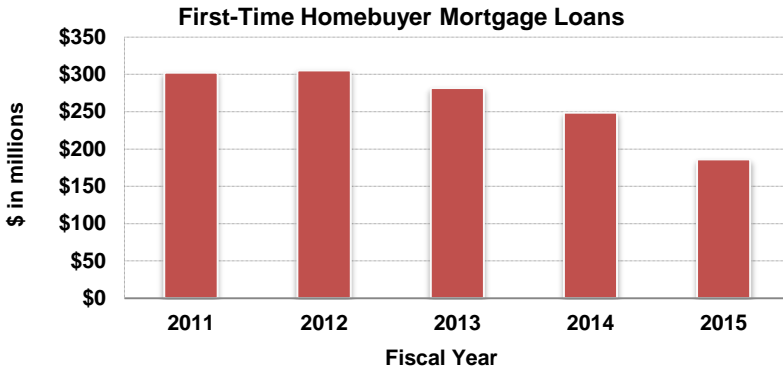
Clean Ohio Conservation Awards Have Topped \$500 Million

Clean Ohio Conservation Awards, FY 2003-FY 2016		
Award Component	Number of Awards	Total Amount Awarded
Public Works Commission		
Green Space Conservation Program	1,044	\$362,420,262
Department of Agriculture		
Agricultural Easement Purchase Program	420	\$80,988,667
Department of Natural Resources		
Recreational Trails Program	219	\$62,824,618
Total	1,683	\$506,233,547

*Sources: Ohio Public Works Commission; Ohio Department of Agriculture;
Ohio Department of Natural Resources*

- Since FY 2003, three state agencies have awarded \$506.2 million in grant funding for 1,683 projects under the Conservation component of the Clean Ohio initiative. These grants were awarded under three separate programs.
- The Public Works Commission has awarded \$362.4 million in grants under the Green Space Conservation Program, comprising 71.6% of all Clean Ohio Conservation awards. Under this program, local governments and nonprofit organizations compete for funding to preserve natural areas, watersheds, and other green space.
- Nearly \$81.0 million has been awarded under the Agricultural Easement Purchase Program, overseen by the Department of Agriculture, enabling 420 easements to preserve over 69,748 acres of productive farmland in Ohio.
- Under the Recreational Trails Program, administered by the Department of Natural Resources, \$62.8 million has been distributed among 219 projects sponsored by local governments and nonprofit community organizations to create or improve recreational trail networks.
- Voters approved the issuance of general obligation (GO) bonds to fund the Conservation component of the Clean Ohio initiative via ballot issues in 2000 and 2008. As long as not more than \$400 million in debt is outstanding at any one time, additional bonds may be issued to finance the conservation effort.
- The brownfield remediation and revitalization component of the Clean Ohio initiative, funded with bond debt backed by spirituous liquor profits and overseen by the Development Services Agency, was concluded in FY 2014. A little over \$400 million in grants were awarded under that component.

OHFA's First-Time Homebuyer Mortgage Loans Totaled a Five-Year Low of \$186 Million in FY 2015

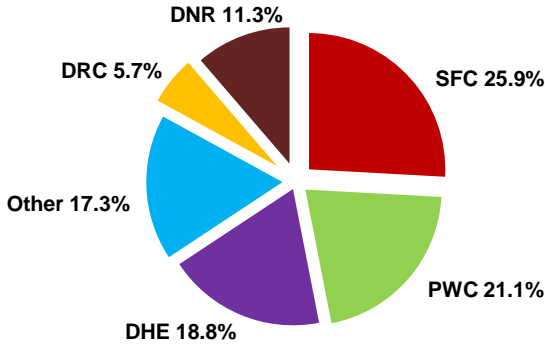


Source: Ohio Housing Finance Agency

- In FY 2015, the Ohio Housing Finance Agency (OHFA) assisted 1,893 households in 70 counties to obtain \$186 million in reduced-rate mortgage loans from private lenders through the First-Time Homebuyer Program.
- This was the lowest number of households assisted and the lowest mortgage loan volume under the program in five years, reflecting tightening credit standards after the Great Recession and a decline in homeownership rates. In 2015, Ohio's and national homeownership rates reached a multi-decade low of 65.3% and 63.4%, respectively.
- In FY 2015, the average household income for First-Time Homebuyer Program participants in Ohio was \$48,319. The average price for homes purchased under the program was \$99,918, or just over twice the average of participating homebuyers' income.
- OHFA provided \$6.8 million in down payment assistance to 1,703 eligible homebuyers in FY 2015, including \$940,000 provided to 206 homebuyers under the Grants for Grads Program. This program targets first-time homebuyers with post-secondary degrees who promise to reside in Ohio for at least five years.
- OHFA's homebuyer assistance programs are funded through the sale of tax-exempt mortgage revenue bonds. The proceeds are used to buy down the interest rate on mortgages offered by private lenders to qualified first-time homebuyers and to provide down payment assistance.
- By June 2016, OHFA had provided just over 24,000 homeowners with \$510.2 million in foreclosure assistance under the U.S. Treasury's Hardest Hit Fund. These funds are used to provide rescue payments, lien cancellations, and other foreclosure avoidance help.

Capital Appropriation Expenditures Total Close to \$1.12 Billion for FY 2016

Capital Appropriation Expenditures by Agency, FY 2016



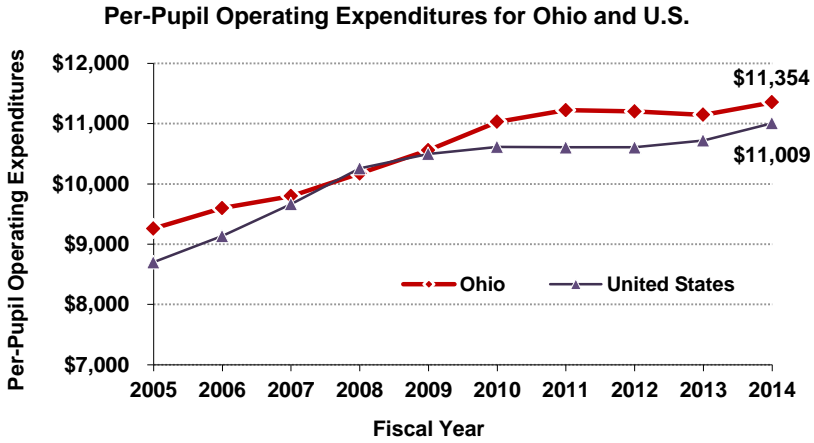
Source: Ohio Administrative Knowledge System

- In FY 2016, expenditures made from capital appropriations totaled just under \$1.12 billion.¹ Of this total, \$288.5 million (25.9%) was expended by the School Facilities Commission (SFC), an independent agency within the Ohio Facilities Construction Commission, to support K-12 school facilities assistance programs. Lower wealth school districts generally receive a greater share of state assistance than higher wealth districts, and also generally receive state assistance sooner.²
- As the K-12 school facilities programs start serving higher wealth districts, the state share decreases. From FY 2008 to FY 2011, the state expended an average of \$987.1 million per year for K-12 school facilities, compared to an annual average of \$368.1 million for the period from FY 2012 to FY 2016.
- In FY 2016, the Public Works Commission (PWC) distributed \$234.9 million (21.1%) for local infrastructure and conservation projects. These funds are largely distributed to the state's 18 PWC districts on a per capita basis.
- The Department of Higher Education (DHE) distributed \$209.4 million (18.8%) for the construction and renovation of academic facilities at Ohio's public colleges and universities.
- Other agencies with large capital expenditures in FY 2016 include the Department of Natural Resources (DNR) at \$126.0 million (11.3%), mainly for state and local parks, and the Department of Rehabilitation and Correction (DRC) at \$63.8 million (5.7%), mainly for state correctional institutions.

¹ This number excludes capital expenditures made from operating appropriations, such as state and federal funding for highway construction and maintenance.

² See page 61 for additional information on the K-12 school facilities assistance program.

Ohio's Public School Per-Pupil Operating Expenditures Continue to Exceed National Average



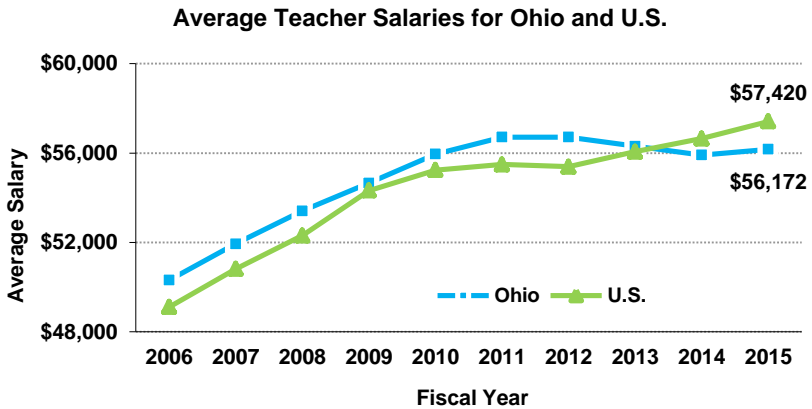
Source: U.S. Census Bureau

- In FY 2014, Ohio's public school per-pupil operating expenditures were \$11,354, \$345 (3.1%) above the national average of \$11,009.
- Except for FY 2008, Ohio's per-pupil operating expenditures have exceeded the national average every year since FY 2005. In FY 2008, Ohio's expenditures were less than 1% below the national average.
- During the ten-year period from FY 2005 to FY 2014, Ohio's per-pupil operating expenditures increased by \$2,094 (22.6%) and the national average increased by \$2,308 (26.5%). During the same period, inflation, as measured by the consumer price index (CPI), was 22.6%.
- In FY 2014, Ohio's per-pupil operating expenditures ranked 20th highest in the nation. As shown in the table below, compared to its neighboring states, Ohio's per-pupil operating expenditures were higher than West Virginia, Michigan, Indiana, and Kentucky but lower than Pennsylvania.

Per-Pupil Operating Expenditures for Ohio and Neighboring States, FY 2014

State	National Rank	Per-Pupil Expenditures
Pennsylvania	12	\$13,961
Ohio	20	\$11,354
West Virginia	21	\$11,260
Michigan	23	\$11,110
Indiana	36	\$9,548
Kentucky	37	\$9,312

Ohio's Average Teacher Salary Dips Below U.S. Average



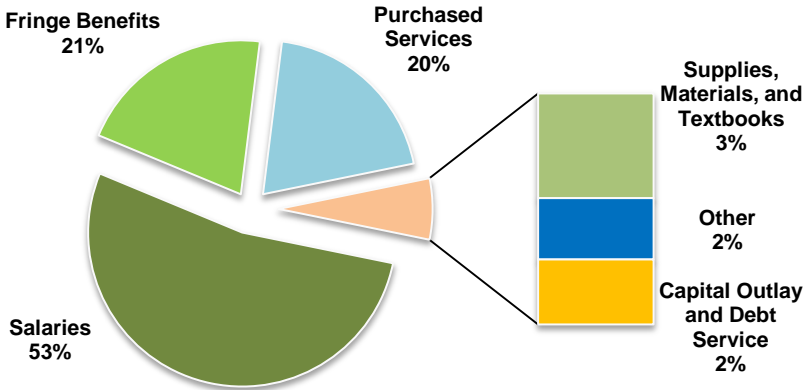
- After exceeding it from FY 2006 to FY 2013, Ohio's average teacher salary has been below the national average since FY 2014. In FY 2015, Ohio's average teacher salary was 2.2% (\$1,248) lower than the national average.
- Since reaching a peak of \$56,715 in FY 2011, Ohio's average teacher salary has decreased by 1.0% to \$56,172 in FY 2015. During the same period, the share of Ohio teachers with ten or more years of experience decreased by 6.1%, from 58.6% to 55.0%. Teacher salaries are heavily influenced by years of experience and credentials.
- From FY 2006 to FY 2015, Ohio's average teacher salary increased by 11.6% while the national average increased by 16.9%. During the same period, the national rate of inflation was 18.9%, as measured by the consumer price index (CPI).
- In FY 2015, Ohio's average teacher salary ranked 21st in the nation (see table below). Compared to its neighboring states, Ohio's average teacher salary was higher than Indiana, Kentucky, and West Virginia, but lower than Pennsylvania and Michigan.

Average Teacher Salaries for Ohio and Neighboring States, FY 2015

State	National Rank	Average Salary
Pennsylvania	10	\$64,447
Michigan	11	\$63,856
Ohio	21	\$56,172
Kentucky	26	\$51,155
Indiana	27	\$50,877
West Virginia	46	\$45,783

School Districts Spend an Average of 74% of Their General Funds on Salaries and Fringe Benefits

Average Ohio School District Budget Composition, FY 2015



Source: Ohio Department of Education

- Salaries and fringe benefits accounted for approximately 74% of school district general fund budgets statewide in FY 2015. This percentage has decreased steadily over the past four years, from 78% in FY 2011.
- Of the four percentage point decrease, the share spent on salaries decreased by three percentage points and the share spent on fringe benefits decreased by one percentage point.
- The cost of fringe benefits as a percentage of the cost of salaries increased to 39% in FY 2015, up from 38% in FY 2011.
- As the share of district budgets spent on salaries has declined, the portion spent on purchased services such as pupil transportation, utilities, maintenance and repairs, and other services not provided by district personnel has increased, from 16% in FY 2011 to 20% in FY 2015.
- Public schools in Ohio employed about 314,800¹ full-time equivalent (FTE) workers in FY 2015, including about 109,900 FTE teachers.
- State law requires each school district to set aside a uniform per pupil amount for capital and maintenance needs. In FY 2015, the required set-aside amount was approximately \$172 per pupil.

¹ Due to a change in data reporting, this figure now includes coaches, advisors, and other extracurricular and intracurricular activities staff not previously reported by the Ohio Department of Education.

Per Pupil Operating Spending Varies Across Different Types of Ohio School Districts

Spending Per Pupil by District Comparison Group, FY 2015				
Comparison Group – Description		Number of Districts	Enrollment %	Spending Per Pupil
Rural	High poverty, small population	123	10.0%	\$9,960
Rural	Average poverty, very small population	107	6.5%	\$10,022
Small Town	Low poverty, small population	111	11.1%	\$9,575
Small Town	High poverty, average population	89	11.9%	\$9,767
Suburban	Low poverty, average population	77	19.8%	\$10,710
Suburban	Very low poverty, large population	46	15.4%	\$11,723
Urban	High poverty, average population	47	13.1%	\$11,162
Urban	Very high poverty, very large population	8	12.4%	\$14,082
State Total*		608	100.0%	\$10,985

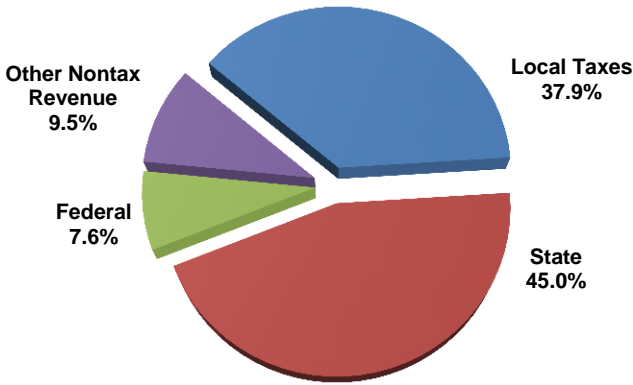
*Three small outlier districts are not included.

Source: Ohio Department of Education

- In FY 2015, the average per pupil spending within socioeconomic and geographic district comparison groups varied from a low of \$9,575 for low-poverty small town districts to a high of \$14,082 for very large urban districts with very high poverty. The state average was \$10,985. Very large urban districts with very high poverty spent 28.2% (\$3,097) above the state average.
- Small town and rural districts tend to have the lowest spending per pupil, averaging \$9,804 for the four comparison groups, which is 10.8% (\$1,181) below the state average. Large suburban districts with very low poverty had the second highest spending per pupil at 6.7% (\$738) above the state average.
- On average, school districts spent 67.8% on classroom instruction, which includes pupil and staff support. Nonclassroom activities, such as administration and building operations, comprised 32.2% of spending.
- Spending allocations vary only slightly across district comparison groups. Rural districts tend to spend a higher than average percentage on building operations, which includes pupil transportation; small town districts tend to spend a higher than average percentage on administration; suburban districts tend to spend a higher than average percentage on instruction; and urban districts tend to spend a higher than average percentage on staff and pupil support.

State Funding Provided 45% of School Operating Revenues in FY 2015

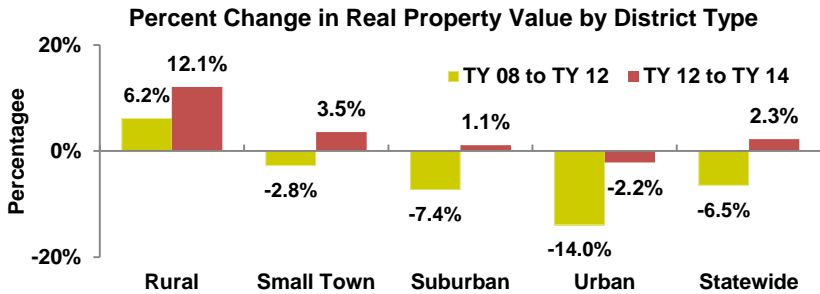
School Operating Revenue by Source, FY 2015



Source: Ohio Department of Education

- Ohio schools' average per-pupil operating revenue from all sources was \$12,974 in FY 2015. Of this amount, \$5,835 (45.0%) was provided by the state, the largest source of funding for school operations. State funding is largely supported by the General Revenue Fund, which receives revenues mainly from state taxes. Most state education funds are distributed through the school funding formula, followed by tax reimbursements and competitive and noncompetitive grants.
- The second largest source of school operating revenue was local taxes, at \$4,916 per pupil (37.9%). Locally levied property taxes account for about 96% of total local tax revenues for schools, while school district income taxes account for the remaining 4%.
- Other nontax revenues provided \$1,237 per pupil (9.5%) in FY 2015. These revenues include tuition payments, charges for school breakfast and lunch, various fees, admissions and sales related to extracurricular activities, and state solvency assistance advances.
- Federal revenues contributed \$986 per pupil (7.6%) in FY 2015. These revenues focus on special education and disadvantaged students.
- Overall, schools reported \$22.36 billion in aggregate operating revenues in FY 2015, a 4.4% (\$948.4 million) increase compared to FY 2014 revenues of \$21.41 billion. State sources grew the most, at 7.3% (\$688.6 million), followed by local taxes at 2.8% (\$233.6 million) and other nontax revenues at 2.5% (\$52.1 million). Federal revenue decreased by 1.5% (\$25.9 million).

Aggregate Real Property Values Increase for All but Urban School Districts Since TY 2013

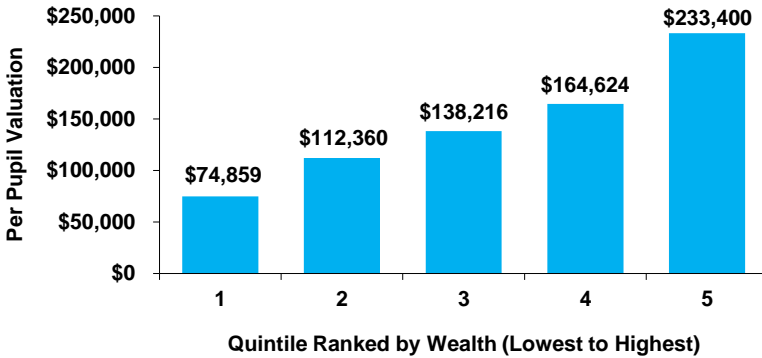


Sources: Ohio Department of Education; Ohio Department of Taxation

- School district real property valuation as a whole reached its peak in TY 2008. It then declined four years in a row for a total decrease of 6.5%. Since then, all school district types, except for urban school districts, gained aggregate real property valuation. From TY 2012 to TY 2014, statewide real property valuation increased by 2.3%.
- Rural districts experienced the largest increases in real property valuation over the past seven years. Their valuation increased by 6.2% from TY 2008 to TY 2012 and by 12.1% from TY 2012 to TY 2014 due to steady increases in statewide agricultural real property value – 27.6% from TY 2008 to TY 2012 and 38.1% from TY 2012 to TY 2014. Agricultural real property valuation comprises a much larger share of total real property valuation for rural districts (33.7% in TY 2014) than for all districts as a whole (7.9%).
- From TY 2012 to TY 2014, real property valuation increased 3.5% for small town school districts and 1.1% for suburban districts. From TY 2008 to TY 2012, these districts lost 2.8% and 7.4% of their valuation, respectively. Urban district valuation continued to decline (-2.2% from TY 2012 to TY 2014), but at a slower rate than the 14.0% loss from TY 2008 to TY 2012.
- Residential real property accounts for 70.2% of total statewide real property valuation in TY 2014. From TY 2012 to TY 2014, this valuation was essentially unchanged statewide. However, the change varied from a gain of 1.1% in suburban districts to a loss of 3.0% in urban districts. From TY 2008 to TY 2012, residential real property decreased 8.8% statewide.
- The remaining 21.9% of real property valuation in TY 2014 is made up of commercial, industrial, mineral, and railroad real property. From TY 2012 to TY 2014, this property valuation increased 0.2% statewide following a decrease of 5.6% from TY 2008 to TY 2012.
- In TY 2014, real property valuation was \$230.6 billion, representing 94.8% of the total property valuation statewide.

School District Property Values Vary Widely Across Ohio

Average Per Pupil Valuation by Wealth Quintile, FY 2016

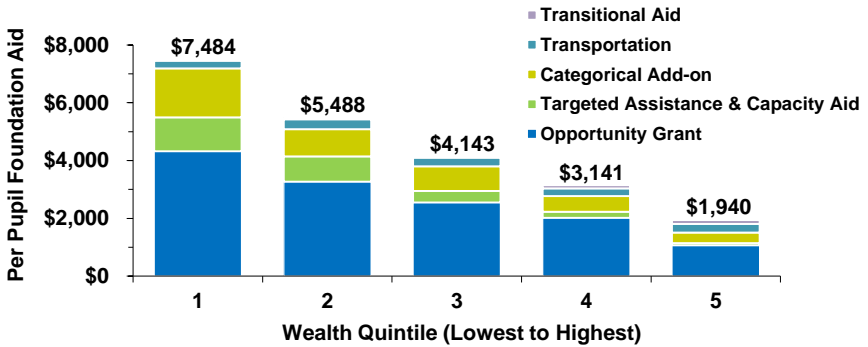


Sources: Ohio Department of Taxation; Ohio Department of Education

- In FY 2016, approximately 20% of Ohio's students resided in school districts with per pupil property valuations that averaged about \$75,000 while another 20% resided in school districts with per pupil property valuations that averaged about \$233,000. The statewide average valuation was \$145,000 per pupil.
- A 20-mill (2%) property tax levy generates \$1,500 per pupil for a district with a valuation per pupil of \$75,000 and \$4,660 per pupil for a district with a valuation per pupil of \$233,000.
- Since locally voted property tax levies represent about 96% of school district local revenues, per pupil valuation (also called district property wealth) indicates each district's capacity to raise local revenue.
- Since FY 1991, a major goal of the state's school funding formula is to neutralize the effect of local property wealth disparities on students' access to basic educational opportunities.
- To achieve this goal, Ohio's current school funding formula uses an index, based on a district's three-year average property valuation and in some circumstances median and average income, to direct more state funds to districts with lower wealth.
- To create the quintiles used on this and the following three pages, school districts are first ranked from lowest to highest in property valuation per pupil. They are then divided into five groups, each of which includes approximately 20% of total students statewide. As can be seen in the chart above, districts in quintile 1 have the lowest property wealth and districts in quintile 5 have the highest property wealth.

Low Wealth Districts Receive More State Foundation Aid Per Pupil Than High Wealth Districts

Per Pupil State Aid by Wealth Quintile, FY 2016

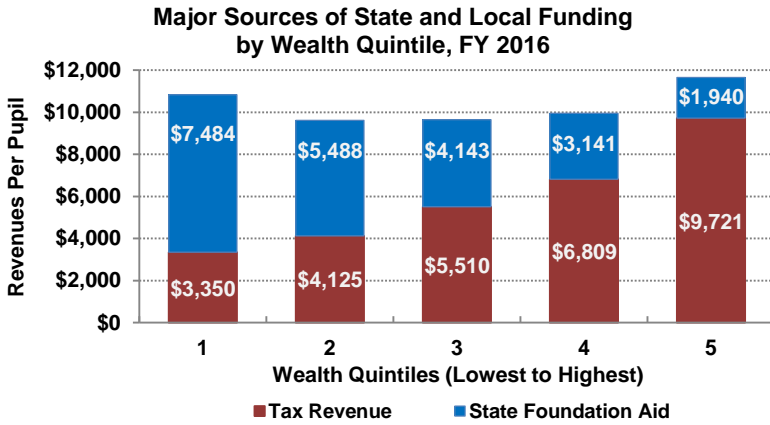


Source: Ohio Department of Education

- Low wealth districts receive more state foundation aid per pupil than high wealth districts. In FY 2016, the average per pupil state foundation aid for wealth quintiles 1 through 5 was \$7,484, \$5,488, \$4,143, \$3,141, and \$1,940, respectively.¹
- The opportunity grant (59.5% of total state foundation aid) consists of the state share of the per pupil formula amount (\$5,900 for FY 2016). In FY 2016, the average per pupil opportunity grant for wealth quintiles 1 through 5 was \$4,320, \$3,269, \$2,553, \$2,012, and \$1,061, respectively.
- Targeted assistance and capacity aid (12.4% of total) provide additional funding to low wealth districts and small districts with relatively low total property value. In FY 2016, the average per pupil assistance for wealth quintiles 1 through 5 was \$1,178, \$877, \$399, \$217, and \$84, respectively.
- Categorical add-ons include funding for special education (10.8% of total), economically disadvantaged (5.1%), K-3 literacy (1.3%), gifted (1.0%), career-technical education (0.7%), performance bonuses (0.5%), and limited-English proficiency (0.3%). In FY 2016, the average per pupil add-ons for wealth quintiles 1 through 5 was \$1,690, \$937, \$847, \$536, and \$357, respectively.
- Transportation funding (6.7% of total) is distributed to districts based on the number of miles or the number of pupils transported. In FY 2016, the average per pupil transportation funding for wealth quintiles 1 through 5 was \$268, \$349, \$299, \$275, and \$301, respectively.
- Finally, transitional aid (1.7% of total) guarantees a district's state aid allocation for all of its resident students does not fall below its FY 2015 level.

¹ See page 54 for an introduction to this analysis and a description of the quintiles.

State Foundation Aid Helps to Equalize Property Tax Revenues

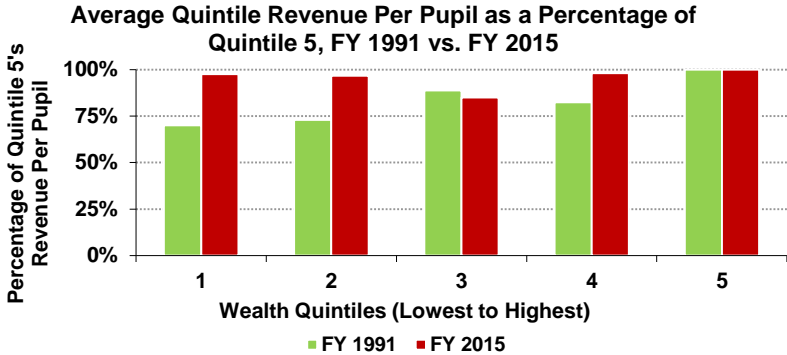


Source: Ohio Department of Education

- State foundation aid helps to equalize school district property tax revenue, although the highest wealth districts still have more resources. In FY 2016, tax revenue plus state foundation aid per pupil for wealth quintiles 1 through 5 were \$10,835, \$9,613, \$9,653, \$9,950, and \$11,661, respectively.¹
- The percentage of revenue attributable to state foundation aid is much higher for lower wealth districts. This percentage was 69.1%, 57.1%, 42.9%, 31.6%, and 16.6%, respectively, for wealth quintiles 1 through 5 in FY 2016.
- In the chart, tax revenue includes locally paid school district property and income taxes, and state-paid property tax rollbacks, homestead exemption reimbursements, and tangible personal property (TPP) tax reimbursements.
- Wealthier districts are able to collect significantly more tax revenue per pupil. Per pupil tax revenues for wealth quintiles 1 through 5 were \$3,350, \$4,125, \$5,510, \$6,809, and \$9,721, respectively, in FY 2016.
- In FY 2016, tax revenues in quintiles 1 through 4 were 34.5%, 42.4%, 56.7%, and 70.0%, respectively, of tax revenues in quintile 5. Adding state foundation aid, however, increases those percentages to 92.9%, 82.4%, 82.8%, and 85.3%, respectively.
- Tax revenues are determined by a combination of the wealth of the district as well as the ability and willingness of the district's taxpayers to approve tax levies. In Ohio, there is no limit on the amount of taxes local voters may approve for their schools. In FY 2016, nine wealthy districts raised more than \$15,000 per pupil and four raised more than \$20,000 per pupil.

¹ See page 54 for an introduction to this analysis and a description of the quintiles.

Interdistrict Equity Improves Since FY 1991

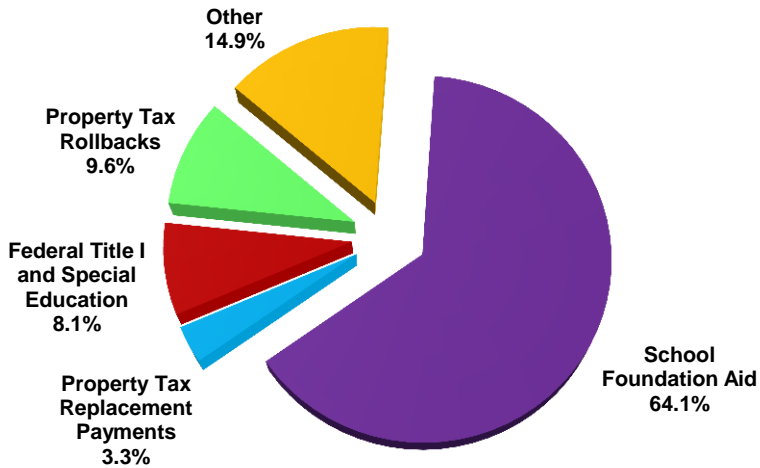


- From FY 1991 to FY 2015, the average revenue per pupil of the districts in the lower wealth quintiles, except for those in quintile 3, moved much closer to that of the districts in the highest wealth quintile.¹
- The biggest changes came in the two lowest wealth quintiles. In FY 1991, the districts in quintile 1 had, on average, 70.0% of the revenue received by the districts in quintile 5. This percentage increased to 97.5% in FY 2015. Likewise, the percentage for quintile 2 rose from 72.9% in FY 1991 to 96.7% in FY 2015.
- The percentage for quintile 4 also rose from 82.3% in FY 1991 to 98.1% in FY 2015. During this period, only quintile 3 lost ground, dropping from 88.8% in FY 1991 to 85.0% in FY 2015.
- Overall, interdistrict equity has improved considerably in the last two years. In FY 2015, the percentages for quintiles 1, 2, and 4 are higher than they were in FY 2013 by 13.6, 9.2, and 9.4 percentage points, respectively. However, the percentage for quintile 3 decreased 3.0 percentage points in this period.
- Revenue on this page includes traditional school district operating revenue from all sources as reported by districts. From FY 1991 to FY 2015, per pupil operating revenue increased by 258.8% (\$9,613) in quintile 1, 241.2% (\$9,343) in quintile 2, 146.3% (\$6,902) in quintile 3, 206.8% (\$9,041) in quintile 4, and 157.4% (\$8,363) in quintile 5. The overall increase was 196.5% (\$8,649).
- In FY 1991, approximately 76% of the variation in per pupil revenue across districts could be explained by the variation in per pupil property value. In FY 2015, this percentage dropped to 42%. This indicates that, in FY 2015, the amount of financial resources available for the education of a student depends less on the wealth of the district in which the student attends school than it did in FY 1991.

¹ See page 54 for an introduction to this analysis and a description of the quintiles.

School Foundation Aid Comprised Nearly Two-Thirds of Department of Education's Total Spending in FY 2016

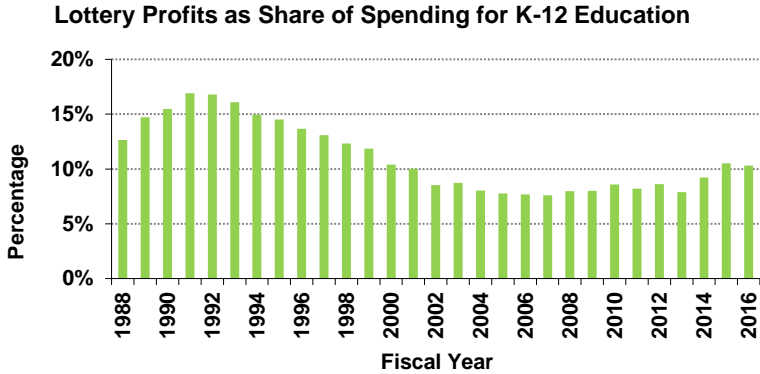
Department of Education's Spending by Component, FY 2016



Source: Ohio Administrative Knowledge System

- In FY 2016, the Ohio Department of Education's (ODE) spending totaled \$12.06 billion across all funds. Of this total, \$7.74 billion (64.1%) was distributed as school foundation aid, the largest source of state funding for school operations. School foundation aid is funded by the state GRF (\$6.75 billion) and lottery profits (\$987.7 million).
- The second largest spending component was property tax rollback payments at \$1.15 billion (9.6%). These payments reimburse school districts for revenue lost due to the 10% and 2.5% property tax rollback programs and the homestead exemption program.
- Federal Title I and special education programs (\$980.5 million or 8.1%) focus on disadvantaged students and students with disabilities.
- State direct payments for the phase-out of tangible personal property taxes accounted for another \$397.0 million (3.3%) of the total.
- ODE's spending for FY 2016 was mainly supported by the GRF (\$8.71 billion or 72.2%), followed by federal funds (\$1.86 billion or 15.4%).
- In FY 2016, 98.3% (\$11.86 billion) of ODE's total spending was distributed as subsidies to schools and various other educational entities.
- ODE's payroll expenses of \$54.4 million accounted for 0.5% of the total. Excluding purchased service spending for student assessments and supply and maintenance spending for school food programs, ODE's operating expenses totaled \$128.5 million or 1.1% of its total spending in FY 2016.

Lottery Profits Comprise a Small Share of State Spending on Primary and Secondary Education

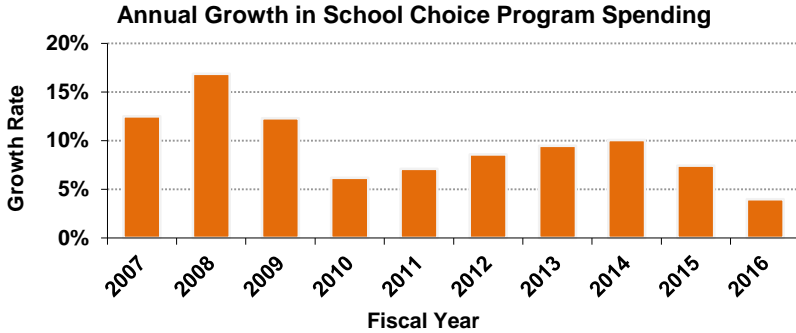


Sources: Ohio Lottery Commission; Ohio Legislative Service Commission

- Lottery profits in Ohio have always been a relatively small percentage of total GRF¹ and lottery spending on primary and secondary education. After reaching a peak of 16.9% in FY 1991, this percentage fell to a low of 7.6% in FY 2007 and has since increased to 10.3% in FY 2016.
- In 1973, voters amended the Ohio Constitution to allow the creation of the Ohio Lottery. In 1987, voters approved an additional constitutional amendment that permanently earmarked lottery profits for education.
- Generally, lottery profits are combined with the GRF to support primary and secondary education in Ohio.
- Lottery profits spending on education reached a record high of \$1.05 billion in FY 2016, a 53.8% increase compared to the recent low of \$682.0 million in FY 2013. This increase was mostly due to revenues from video lottery terminals (VLTs) at Ohio's seven horse racetracks (racinos), the first of which opened in June 2012. In FY 2016, VLT operations contributed about \$282 million to lottery profits.
- From FY 1988 to FY 2016, total GRF and lottery spending on primary and secondary education increased by \$6.7 billion (195.2%). Of this growth, \$613.3 million (9.1%) was provided by the lottery.
- FY 2016 produced record lottery sales and VLT net revenues of \$3.9 billion, an increase of 7.2% (\$263.1 million) from FY 2015. This increase was due mainly to a record Powerball jackpot in January 2016 and the popularity of Keno and EZPLAY[®] games.

¹ In FY 2010 and FY 2011, GRF spending includes federal stimulus of \$417.6 million and \$515.5 million, respectively. There is no federal stimulus in prior or later years.

School Choice Program Spending Growth Slows in FY 2016

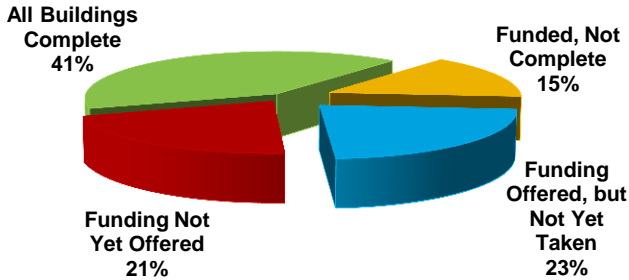


Sources: Ohio Department of Education; Ohio Administrative Knowledge System

- Total spending on Ohio school choice programs increased 4.0% (\$46.2 million) in FY 2016 to \$1.20 billion, the slowest rate of annual growth in the last ten years. The average annual growth rate during the past decade was 9.5%. School choice programs include community and STEM schools, the Educational Choice (EdChoice) Scholarship, the Autism Scholarship, the Cleveland Scholarship and Tutoring Program (CSTP), and the Jon Peterson Special Needs (JPSN) Scholarship.
- Community and STEM schools, the largest component of school choice in Ohio, are funded primarily through state education aid transfers. Such transfers decreased for the first time in FY 2016, falling 0.1% (\$1.2 million) to \$940.2 million. These transfers represent 78.1% of school choice spending. Approximately 119,000 students were enrolled in community and STEM schools in FY 2016.
- The state also provides various scholarships for students to obtain education services from private providers. Scholarship payments drove overall school choice spending growth in FY 2016, as total payments for these programs increased 21.9% (\$47.4 million) to \$263.6 million.
- Within the EdChoice Scholarship Program, 20,213 students received scholarships under the traditional "low-performing school" criteria and 5,520 students received scholarships under income-based criteria in FY 2016. Scholarship payments for each group of students totaled \$94.9 million and \$22.4 million in FY 2016, respectively, for a total of \$117.3 million, or 9.7% of total school choice spending.
- A combined 14,171 students received a total of \$146.2 million in scholarships under the remaining three programs in FY 2016: the Autism Scholarship Program (3,091 students, \$72.5 million), the JPSN Scholarship Program (3,858, \$39.3 million), and CSTP (7,222, \$34.5 million). Spending for these three programs comprised 12.1% of total school choice spending in FY 2016.

Full-Facility Fixes Completed in 41% of Ohio School Districts and JVSDs

Status of Districts Completing Master Facility Plans, July 2016



Source: Ohio School Facilities Commission

- At the end of FY 2016, 41% of school districts and joint vocational school districts (JVSDs) had completed projects that fully addressed their facility needs as assessed by the School Facilities Commission (SFC). These include 257 (42%) of the 610 regular school districts and 14 (29%) of the 49 JVSDs.
- Another 15% of districts have been funded, but their projects are not complete. These include 99 (16%) regular districts and one (2%) JVSD. These districts have buildings in the design or construction phase.
- An additional 23% of districts have been offered funding, but have either deferred the offer, allowed it to lapse because they were unable to secure the required local share, or are currently seeking the required local share within the 13-month window allowed by law. These include 133 (22%) regular districts (80 deferred, 38 lapsed, and 15 seeking) and 17 (35%) JVSDs (15 deferred and two lapsed). Deferred and lapsed districts will be eligible for funding in the future.
- The final 21% of districts have not yet been offered funding. These include 121 (20%) regular districts and 17 (35%) JVSDs. Of these, 13 regular districts and two JVSDs are participating in the Expedited Local Partnership Program (ELPP), whereby local funds spent on master facility plans now will be credited to the districts' local shares when they become eligible for state funding. Overall, more than 100 districts have participated in ELPP.
- The total estimated cost of all projects funded by the end of FY 2016 was \$20.3 billion. Of that total, the state share was \$12.2 billion (60%) and the local share was \$8.1 billion (40%).
- Through the end of FY 2016, the General Assembly has appropriated \$12.9 billion and SFC has disbursed a total of \$11.3 billion for school facilities projects.

Districts Fare Best on Graduation Rate Measure and Worst on Annual Measurable Objectives

School District Report Card Results, 2014-2015 School Year

Measure	A	B	C	D	F	NR
Four-Year Cohort Graduation Rate	54.5%	21.8%	15.1%	4.1%	4.3%	0.2%
Five-Year Cohort Graduation Rate	48.6%	33.7%	12.0%	2.8%	2.8%	0.2%
Annual Measurable Objectives	2.3%	28.2%	17.4%	18.1%	34.0%	0.0%
Performance Index	1.0%	28.2%	57.0%	13.8%	0.0%	0.0%
Performance Indicators	34.6%	16.3%	11.7%	20.4%	17.1%	0.0%
Value-Added Progress Dimension – Overall	36.0%	4.1%	11.0%	4.3%	44.7%	0.0%
Value-Added Progress Dimension – Gifted	25.0%	8.5%	20.4%	14.0%	22.5%	9.7%
Value-Added Progress Dimension – Disabled	18.2%	7.9%	20.0%	9.7%	40.7%	3.4%
Value-Added Progress Dimension – Lowest 20%	17.2%	8.5%	22.7%	11.5%	36.8%	3.3%

Source: Ohio Department of Education

- For school year 2014-2015, school districts fared the best on the report card's graduation rate measures and struggled most with meeting annual measurable objectives, which are designed to measure achievement gaps between certain designated groups and all students. While over 75% of districts received A's or B's on the four-year (76.4%) and five-year (82.3%) graduation rate components of the report card, over half (52.1%) of districts received D's or F's on the annual measurable objective measure.
- Due in part to new, more rigorous state tests, the total percentage of districts receiving A's or B's on the performance index measure decreased from 77.2% in school year 2013-2014 to 29.2% in school year 2014-2015. However, the total percentage of districts receiving A's or B's on the performance indicators rose slightly from 49.7% to 50.9%. While the performance index measures students' achievement levels on state tests, the performance indicator measures how many students exhibit "proficient" knowledge on state tests. The State Board of Education sets the proficiency targets annually.
- Districts also fared less well on the value-added progress components, especially those measuring the progress of specific groups. The total percentage of A's or B's on the overall value-added measure was 40.1%, whereas these percentages for the gifted, disabled, and lowest achieving subgroups were 33.5%, 26.1%, and 25.8%, respectively. The percentages of districts receiving D's or F's on the value-added components were around 50% for all but the gifted subgroup (36.5%).
- Due to recent changes to state tests, the General Assembly has suspended many sanctions related to state test results for school years 2014-2015, 2015-2016, and 2016-2017.

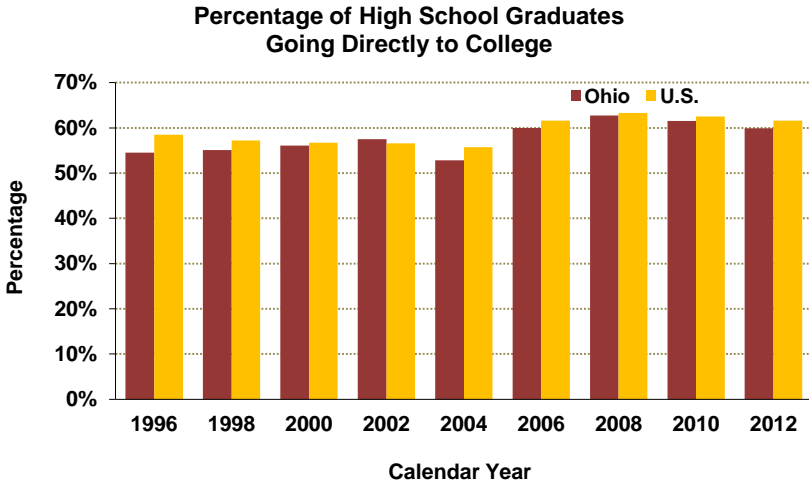
School Enrollment Decline Slows in Recent Years

Ohio School Enrollment, FY 2006-FY 2016						
Fiscal Year	Public		Nonpublic		Total	
	Enrollment	Annual Change	Enrollment	Annual Change	Enrollment	Annual Change
FY 2006	1,811,708	-3,905	207,054	-6,258	2,018,762	-10,163
FY 2007	1,803,226	-8,482	204,402	-2,652	2,007,628	-11,134
FY 2008	1,794,134	-9,092	200,598	-3,804	1,994,732	-12,896
FY 2009	1,790,809	-3,325	195,343	-5,255	1,986,152	-8,580
FY 2010	1,782,713	-8,096	187,994	-7,349	1,970,707	-15,445
FY 2011	1,774,538	-8,175	181,420	-6,574	1,955,958	-14,749
FY 2012	1,760,902	-13,636	178,702	-2,178	1,939,604	-16,354
FY 2013	1,753,068	-7,834	176,166	-2,536	1,929,234	-10,370
FY 2014	1,747,528	-5,540	173,966	-2,200	1,921,494	-7,740
FY 2015	1,742,777	-4,751	173,030	-936	1,915,807	-5,687
FY 2016	1,735,506	-7,271	172,990	-40	1,908,496	-7,311
Total Change		-76,202		-34,064		-110,266

Source: Ohio Department of Education

- FY 2014 through FY 2016 registered the smallest annual declines in total school enrollment over the past decade with decreases averaging 6,913 students per year. The average decline was 13,100 students per year for the five preceding years (FY 2009 through FY 2013).
- Total school enrollment in Ohio has declined every year during the past decade. Overall, it decreased by 110,266 students from 2.02 million in FY 2006 to 1.91 million in FY 2016.
- Of the total enrollment decrease since FY 2006, 30.9% (34,064) occurred in nonpublic schools and 69.1% (76,202) occurred in public schools. This represents a 16.5% decline in nonpublic school enrollment during this period, compared to a 4.2% decline in public school enrollment.
- In FY 2016, nonpublic school enrollment represented 9.1% of total enrollment in Ohio, compared to 10.3% in FY 2006.
- Both public and nonpublic school enrollments have decreased every year over the past decade. During this period, the largest annual decrease in public school enrollment was 13,636 students in FY 2012 while the smallest annual decrease was 3,325 students in FY 2009. The comparable figures for nonpublic school enrollment were 7,349 students in FY 2010 and 40 students in FY 2016.

Percentage of Ohio High School Graduates Going Directly to College Decreased in 2012

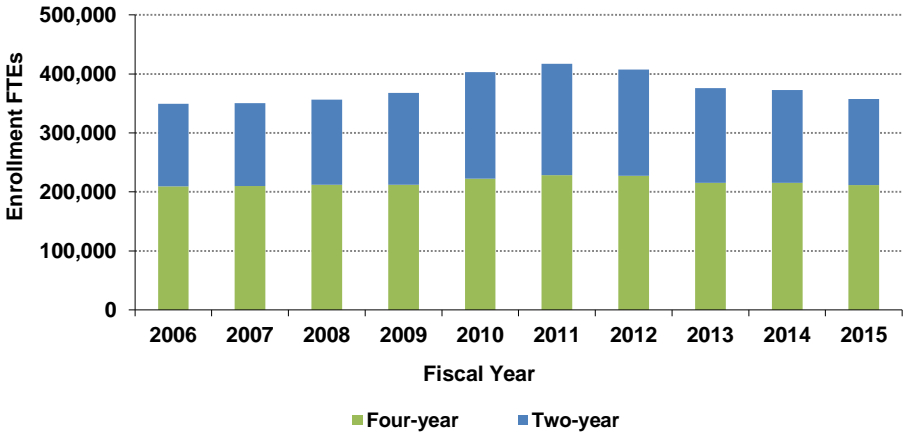


Sources: ACT; College Board; NCHEMS; Pell Institute; Ohio Department of Higher Education

- The percentage of Ohio high school graduates going directly to college decreased 1.6 percentage points from 61.5% in 2010 to 59.9% in 2012. The national average decreased by 0.9 percentage points in the same period, from 62.5% to 61.6%.
- The percentage of Ohio high school graduates going directly to college has been below the national average in every year since 1996 except for 2002. In 2012, Ohio's percentage was 1.7 percentage points below the national average.
- In fall 2014, 41% of graduates from Ohio public high schools enrolled directly in an Ohio college or university – approximately 30% in a four-year institution and 11% in a two-year institution.
- In fall 2014, 32% of Ohio public high school graduates enrolled directly in Ohio colleges and universities were taking remedial mathematics or English courses, down from 37% in fall 2013 and 40% in fall 2012.
- ACT and SAT scores are indicators that help predict how well students will perform in college. Since 1996, ACT and SAT scores for Ohio high school seniors have been consistently higher than the national average.
- The average Ohio ACT score was 22.0 in 2015, in comparison with the national average of 21.0. The mean Ohio SAT score was 1657 in 2015, in comparison with the national mean score of 1490.

Higher Education Enrollment Decreases in Recent Years

Total Subsidy-Eligible FTE Students*

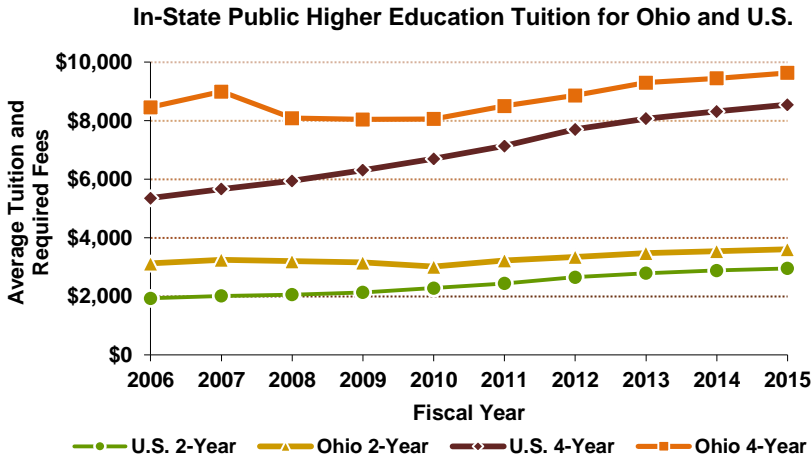


*An FTE (full-time equivalent) student is based on one student taking 15 credit hours per semester or the equivalent. Subsidy-eligible FTEs include all but out-of-state undergraduate students.

Sources: Ohio Department of Higher Education; State Higher Education Executive Officers (SHEEO)

- Total student enrollment at public colleges and universities has decreased every year since FY 2012. It totaled 357,415 FTEs in FY 2015, a decrease of 15,253 FTEs (4.1%) from FY 2014. Enrollment at two-year (community colleges and university branches) and four-year (main) campuses decreased by 11,323 FTEs (7.2%) and 3,930 FTEs (1.8%), respectively, in that year. These decreases follow a decline of 44,263 FTEs (10.6%) in total student enrollment from FY 2011 to FY 2014.
- The annual enrollment decreases beginning in FY 2012 came after strong enrollment growth between FY 2008 and FY 2011, especially on two-year campuses. Total enrollment increased by 60,672 FTEs (17.0%) during that period, of which 44,414 (73.2%) occurred at two-year campuses.
- The FY 2008 to FY 2011 enrollment growth at two-year campuses may be partly due to the Great Recession. High growth in the two-year sector also occurred in prior periods of economic slowdown.
- During the past ten years, total student enrollment increased by 8,016 FTEs (2.3%). Of this growth, 72.8% occurred at two-year campuses.
- According to a measure published by SHEEO, Ohio's public higher education FTE enrollment decreased by 15.3% from FY 2010 to FY 2015, the largest percentage decrease in the nation. Although Ohio's enrollment in FY 2015 was higher than in FY 2008, the beginning of the Great Recession, the difference was only 0.8%, the sixth lowest in the nation.

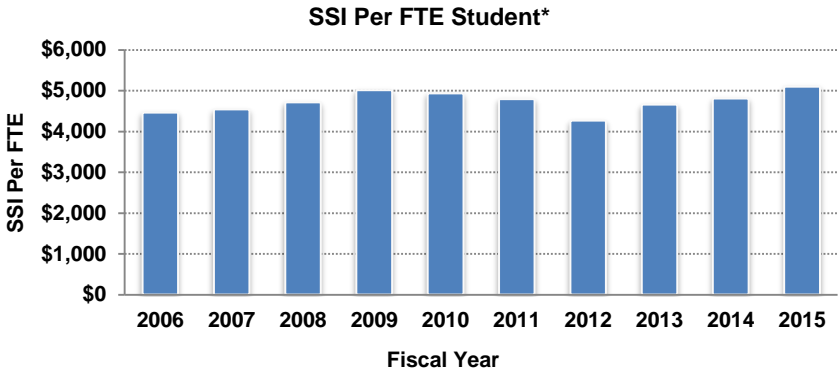
Gap Between Ohio's Average Public Higher Education Tuition and the Nation's Continues to Narrow



Source: National Center for Education Statistics

- After increasing from FY 2006 to FY 2007, the gap between Ohio's average public higher education tuition and required fees and the nation's average narrowed steadily through FY 2015. As a result, Ohio's ranking in the nation has dropped from 5th and 7th highest in FY 2007 to 15th and 25th highest in FY 2015 for four-year and two-year institutions, respectively.
- The gap between Ohio's averages and the nation's reached a peak in FY 2007 for both four-year and two-year institutions. In that year Ohio's averages were \$3,328 (58.7%) and \$1,232 (61.1%) higher than the nation's averages for four-year and two-year institutions, respectively.
- Ohio's averages remain above the nation's in FY 2015, but both the gap of \$1,088 (12.7%) for four-year institutions and the gap of \$655 (22.2%) for two-year institutions, were much smaller.
- From FY 2006 to FY 2015, average tuition and fees at four-year institutions in Ohio increased by \$1,174 (13.9%), from \$8,457 to \$9,631. Tuition and fees at Ohio two-year institutions increased by \$483 (15.5%), from \$3,127 to \$3,610, during the same period.
- The General Assembly has imposed caps on annual increases in tuition every year in the past decade. For FY 2014 and FY 2015, the cap on in-state undergraduate tuition increases at four-year institutions and their regional campuses was 2.0% per year. For two-year community colleges, the limit was \$100 above what was charged in the prior academic year.

SSI Funding Per Student Reached a Decade High in FY 2015



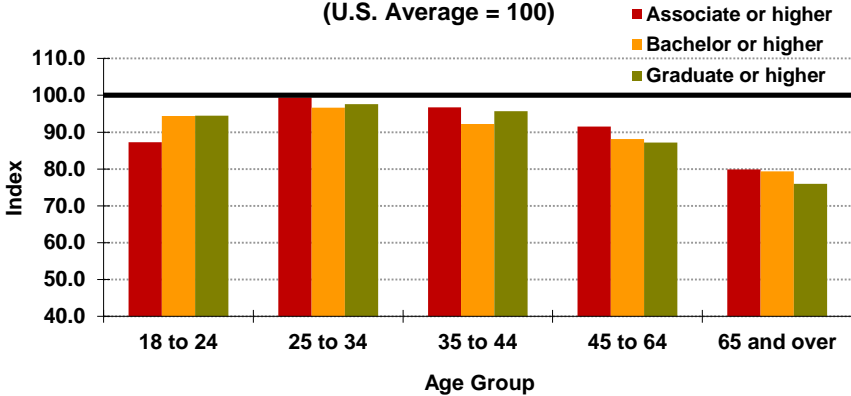
*An FTE (full-time equivalent) student takes the equivalent of 15 credit hours per semester. Out-of-state undergraduate students are not included as they are not eligible for state subsidy.

Source: Ohio Department of Higher Education

- On a per FTE student basis, FY 2015 State Share of Instruction (SSI), the main state subsidy to public colleges and universities, increased 6.1% (\$293) over FY 2014 and reached a decade high of \$5,096. The increase in FY 2015 was mainly due to declining enrollment. Overall enrollment at public higher education institutions decreased by 4.1% from FY 2014 while total SSI funding increased by 1.8%.
- The increase in SSI per FTE student was not even across higher education sectors. From FY 2014 to FY 2015, SSI per FTE student increased by 3.7% (\$202) to \$5,654 at four-year universities and their regional campuses and by 11.9% (\$408) to \$3,839 at community colleges. Community colleges experienced a greater enrollment loss (-8.2%) than did four-year universities and their regional campuses (-2.1%) in that year.
- In FY 2015, total SSI funding was \$1.82 billion, \$31.6 million (1.8%) more than FY 2014 and \$262.5 million (16.8%) more than FY 2006. Total SSI funding peaked in FY 2011 at \$2.0 billion, including \$287.8 million in federal stimulus funding provided through the American Recovery and Reinvestment Act. With the loss of federal stimulus funding in FY 2012, SSI funding decreased in that year, on both a total and per student basis.
- SSI, which is to help support public institutions' core academic activities, is allocated to campuses mostly through formulas. Prior to FY 2010, SSI was allocated largely based on each campus's enrollment and courses offered. Starting in FY 2010, the formula was changed, and is now primarily based on institutional outcomes, such as student course and degree completion.

Postsecondary Educational Attainment of Young Ohioans Approaches National Average

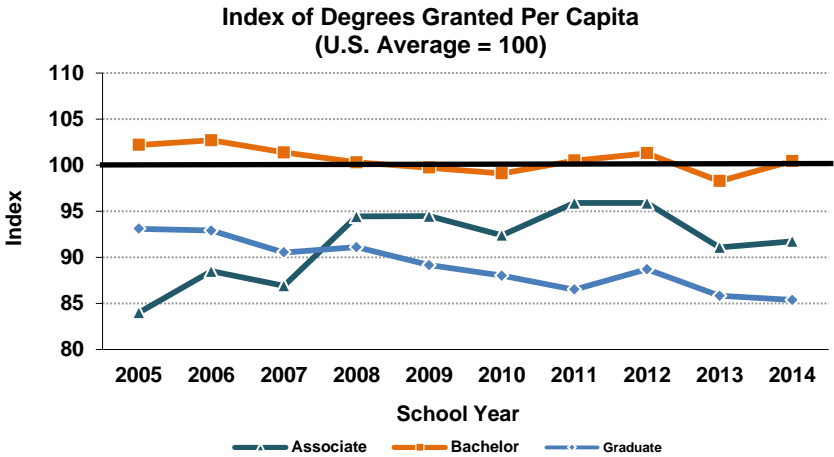
Ohio's Educational Attainment Compared to U.S. Average, 2014
(U.S. Average = 100)



Source: U.S. Census Bureau

- This index compares Ohio's educational attainment to the national average. An index score of 95 indicates that Ohio is 5% below the national average.
- Although the percentage of Ohioans with postsecondary degrees is below the national average for all age groups, the percentages for younger Ohioans are closer to the national average than those for older Ohioans.
- For each age group shown in the chart above (beginning with 18 to 24 year olds), the index for Ohioans with at least a bachelor's degree is 94.4, 96.6, 92.2, 88.1, and 79.4, respectively.
- The percentage of Ohioans within each age group who hold at least a bachelor's degree is 9.5%, 32.3%, 31.0%, 25.9%, and 19.7%, respectively, compared to national averages of 10.1%, 33.5%, 33.7%, 29.4%, and 24.8%.
- Compared to all states plus Washington D.C. and Puerto Rico, Ohio ranks 24th for the percentage of people aged 18 to 24 with at least a bachelor's degree. Ohio also ranks 24th for ages 25 to 34, 33rd for ages 35 to 44, 37th for ages 45 to 64, and 45th for ages 65 and over.
- Ohio's relatively low educational attainment for older age groups may reflect the state's strong industrial and agricultural economic history. These industries often did not require a college education for many types of jobs.
- Aggregating over all age groups, 24.5% of Ohioans had at least a bachelor's degree in 2014. Ohio ranks 37th in this percentage; the national average is 27.5%. Compared with contiguous states, Ohio's percentage is higher than Indiana (22.6%), Kentucky (20.5%), and West Virginia (17.7%), but lower than Pennsylvania (26.9%) and Michigan (25.0%).

Ohio Close to National Average in Bachelor's Degrees Granted Per Capita

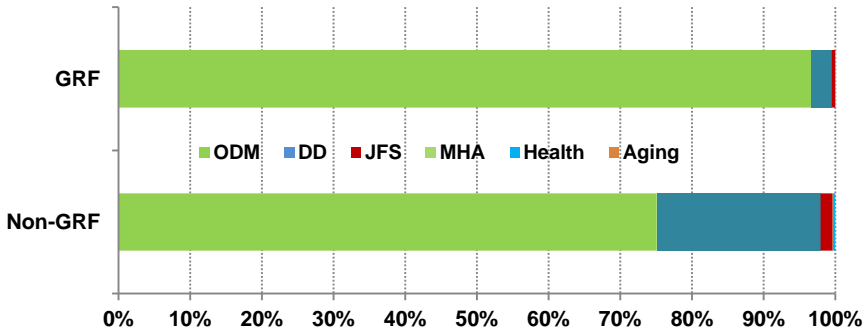


Sources: National Center for Education Statistics; U.S. Census Bureau

- This index compares degrees granted by Ohio's colleges and universities to the national average on a per capita basis. An index score of 105 indicates that Ohio is 5% above the national average; an index score of 95 indicates that Ohio is 5% below the national average.
- In 2014, the number of bachelor's degrees granted per capita in Ohio was slightly (0.4%) above the national average. In the last ten years, Ohio has hovered closely around the national average on this indicator.
- In 2014, the number of associate degrees granted per capita in Ohio was 8.3% below the national average. Ohio has gotten closer to the national average on this indicator over the last decade despite having moved away from the national average by 4.2 percentage points from 2012 to 2014. In 2005, Ohio's associate degrees per capita were 16.0% below the national average.
- In 2014, the number of graduate degrees granted per capita in Ohio was 14.6% below the national average. The state has generally moved away from the national average on this indicator over the past decade. Ohio's graduate degrees per capita were 6.9% below the national average in 2005.
- On a per capita basis, Ohio ranked 29th highest among the states in 2014 for associate degrees granted and 27th and 28th, respectively, for bachelor's and graduate degrees. Aggregating all postsecondary degrees granted, Ohio ranked 28th in the nation.
- In 2014, Ohio granted 33,473 associate degrees, 68,288 bachelor's degrees, and 28,929 graduate degrees. Public institutions accounted for 72.3%, 67.2%, and 66.7%, respectively, of the various degrees granted in the state.

Department of Medicaid Disburses the Majority of Payments for Ohio Medicaid

Medicaid Expenditures by Agency, FY 2016

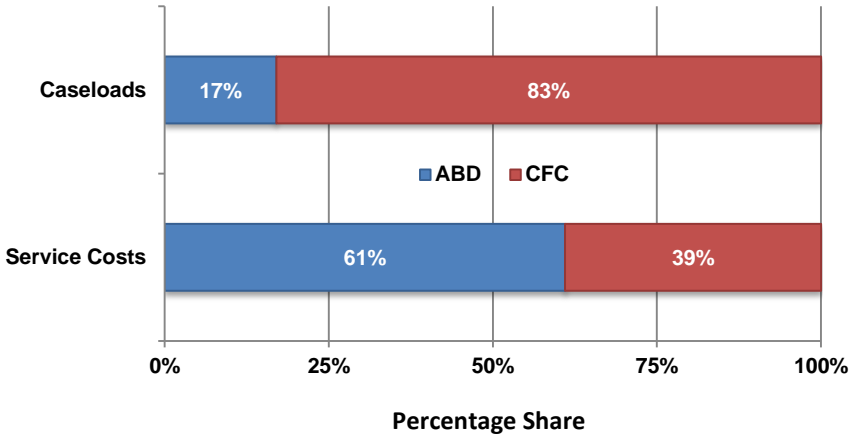


Source: Ohio Administrative Knowledge System

- GRF Medicaid expenditures were \$17.00 billion in FY 2016, of which 96.6% (\$16.42 billion) was disbursed by the Ohio Department of Medicaid (ODM). Non-GRF Medicaid expenditures were \$8.30 billion in FY 2016, of which 75.1% (\$6.23 billion) was disbursed by ODM. Across all funds, Medicaid expenditures totaled \$25.29 billion. ODM accounted for 89.6% of this total.
- Ohio Medicaid is administered by ODM with the assistance of five other state agencies – Developmental Disabilities (DD), Job and Family Services (JFS), Mental Health and Addiction Services (MHA), Health, and Aging – and various local entities.
- The Department of Developmental Disabilities had the second largest share of Medicaid expenditures, accounting for 2.9% (\$490.6 million) of the GRF total, 22.9% (\$1.90 billion) of the non-GRF total, and 9.4% of the all funds total. Together, ODM and DD accounted for 99.0% of the all funds total. The remaining 1.0% was accounted for by the other four agencies.
- In FY 2016, 96.7% of total Medicaid expenditures were for services. Managed care had the largest share of expenditures at \$13.74 billion (54.3%) including \$3.83 billion for the Medicaid expansion population called Group VIII, followed by hospitals at \$2.86 billion (11.3%) across all funds.
- GRF Medicaid expenditures are paid by the combination of state and federal resources. Of the \$17.00 billion GRF Medicaid expenditures in FY 2016, \$11.67 billion (68.6%) came from federal reimbursements and \$5.33 billion (31.4%) was funded with state resources. For FY 2016, Group VIII expenditures were fully reimbursed by the federal government.
- In FY 2016, the federal and state shares of all funds Medicaid expenditures were 69.3% and 30.7%, respectively.

Aged, Blind, and Disabled Account for 17% of Medicaid Caseloads but 61% of Service Costs

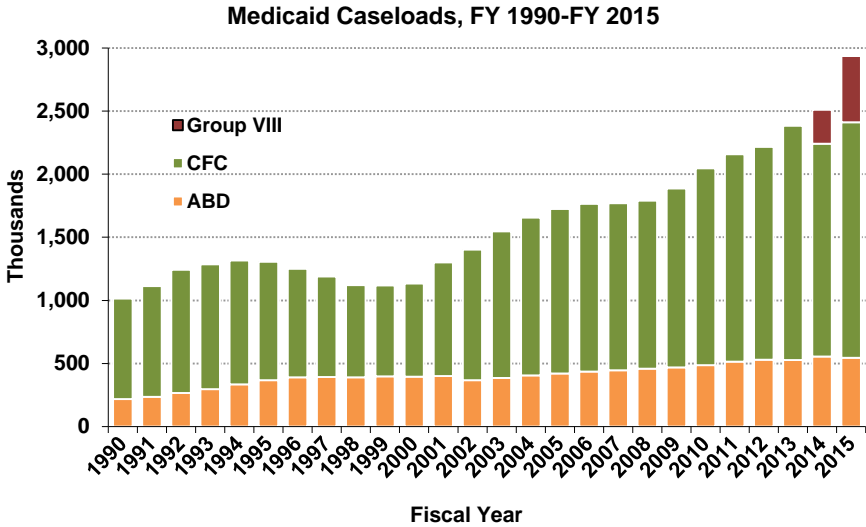
ABD and CFC Shares of Medicaid Caseloads and Service Costs, FY 2014



Source: Ohio Department of Medicaid

- In FY 2014, the aged, blind, and disabled (ABD) population made up 17% of the Medicaid caseloads in Ohio but accounted for 61% of the service costs. In contrast, the covered families and children (CFC) population made up 83% of the Medicaid caseloads but only accounted for 39% of the service costs.
- Ohio Medicaid caseloads totaled 2.5 million in FY 2014, of which approximately 438,000 were ABD and 2.1 million were CFC. Of the \$17.37 billion in total Medicaid service costs in FY 2014, \$10.53 billion was incurred for the benefits of the ABD population and the remaining \$6.84 billion was incurred for the CFC population.
- Ohio Medicaid provides health insurance coverage to the ABD and CFC populations. The ABD population includes low-income elderly who are age 65 or older and individuals with disabilities. The CFC population includes low-income children and adults who are age 64 or younger.
- In FY 2014, the average monthly Medicaid service cost was approximately \$2,002 for an ABD member compared to \$275 for a CFC member.
- The cost of long-term care is one of the main reasons for the higher expense of the ABD population. To illustrate, expenditures on nursing facilities alone, which are almost entirely for the benefit of the ABD population, accounted for 13.9% of the total Medicaid service expenditure in FY 2014.

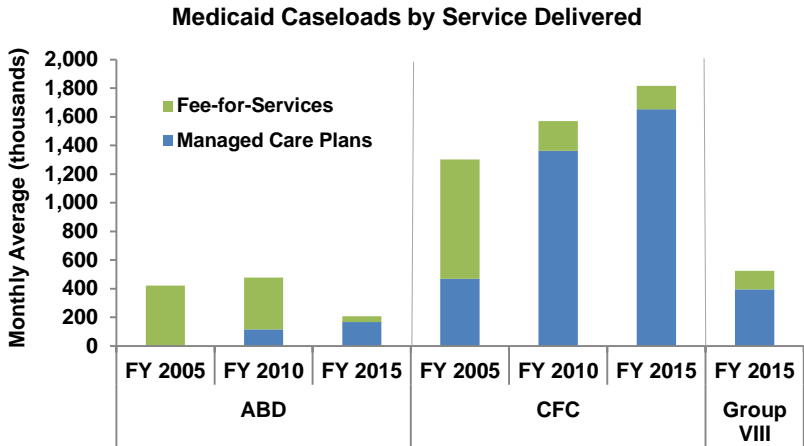
Medicaid Caseloads Continue to Increase



Source: Ohio Department of Medicaid

- In FY 2015, total Medicaid caseloads grew by 17.0% (427,000) to 2.94 million. The majority of this increase was the result of Medicaid expansion that started in January 2014, which allowed previously ineligible adults between the ages of 19 to 64 with incomes below 138% of the federal poverty level to qualify for coverage (Group VIII).
- During the previous four-year period from FY 2011 to FY 2014, total caseloads grew at an average annual rate of 5.2% as the economy gradually improved following the Great Recession.
- Due to the Great Recession, total caseloads increased by 6.4% per year on average from FY 2008 to FY 2011. Medicaid caseloads also increased rapidly in the early 2000s as a result of the economic slowdown and several eligibility expansions for family and child coverage. From FY 2000 to FY 2004, total caseloads increased by 10.0% per year on average.
- From FY 1990 to FY 2015, total caseloads increased by 189.7%, from 1.01 million to 2.94 million.
- Due to the decline in the Ohio Works First cash assistance caseload as a result of welfare reform, CFC (covered families and children) caseloads declined steadily in the late 1990s, reaching a low of 723,000 in FY 1999.
- ABD (aged, blind, and disabled) caseloads grew 11.1% annually, on average, in the first half of the 1990s. Growth slowed to 1.5% per year on average from FY 1995 to FY 2000, followed by annual growth averaging 2.2% during the next 15-year period.

Medicaid Managed Care Caseloads Continue to Expand

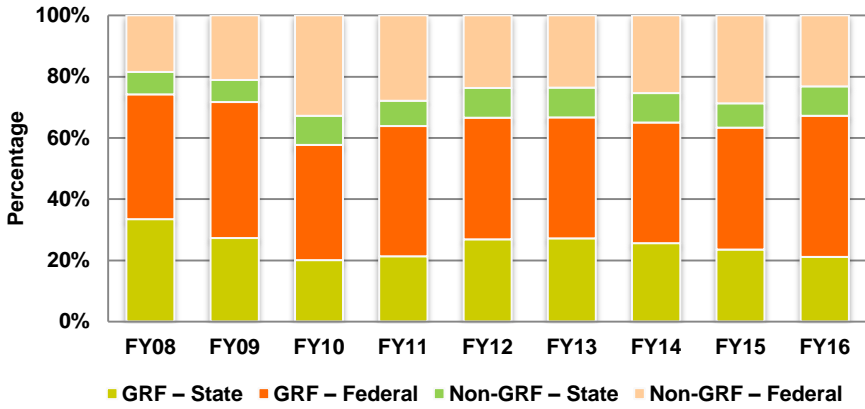


Sources: Ohio Department of Job and Family Services; Ohio Department of Medicaid

- Following statewide expansions implemented in FY 2006 and FY 2014, Medicaid managed care caseloads increased by 370% from FY 2005 to FY 2015. As a share of total Medicaid caseloads, the managed care portion increased from 27% in FY 2005 to 87% in FY 2015.
- For the covered families and children (CFC) category, managed care caseloads grew from 469,000 in FY 2005 to 1.7 million in FY 2015, increasing its share from 36% to 91%. For the aged, blind, and disabled (ABD) category, managed care caseloads grew from 2,000 to 168,000, increasing its share from 0.5% to 81%. Under the new Group VIII category, managed care caseloads were 395,000 in FY 2015, or 75% of the Group VIII caseload total.
- H.B. 66 of the 126th General Assembly required that the CFC population and certain ABD populations be enrolled in managed care plans.
- Medicaid expansion through the federal Affordable Care Act began in January 2014 in Ohio. These individuals (Group VIII) are generally enrolled in managed care, but can receive services through fee-for-service until they choose a Medicaid managed care plan.
- Under the fee-for-service system, Medicaid reimburses health care service providers for approved medical services and products based on set fees for the specific types of services rendered.
- Under the managed care system, a Medicaid enrollee typically receives all care through a single point of entry. The state pays a fixed monthly premium per enrollee for any health care included in the benefit package, regardless of the amount of services actually used.

The GRF Is the Main Funding Source for Ohio Medicaid

Medicaid Expenditures by Fund Group

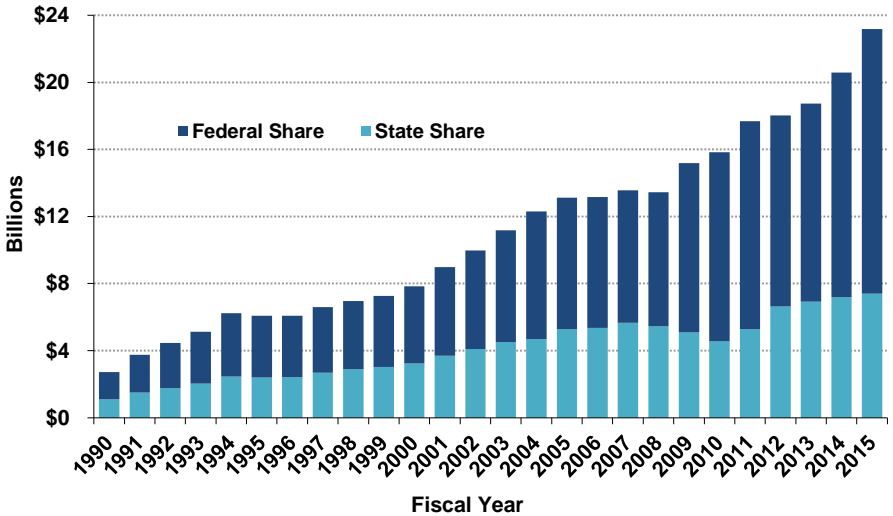


Sources: Ohio Department of Medicaid; Ohio Administrative Knowledge System

- Ohio Medicaid is mainly funded by the GRF but it is also supported by various non-GRF funds. From FY 2008 to FY 2016, on average approximately two-thirds of Medicaid expenditures were made from the GRF, which consists of state tax receipts, state nontax receipts, and federal grants. The vast majority of federal grants deposited into the GRF are federal reimbursements for Medicaid.
- The lowest GRF share during this nine-year period was recorded in FY 2010 at 57.7% due to the fact that enhanced federal reimbursements for Medicaid during the Great Recession were largely deposited into non-GRF funds.
- The GRF share increased from 63.3% in FY 2015 to 67.2% in FY 2016 due largely to an accounting practice change related to Group VIII individuals who became eligible for Ohio Medicaid beginning in January 2014 through the ACA expansion. Medicaid expenditures for these individuals were accounted for in non-GRF funds in FY 2014 and FY 2015 but in the GRF beginning in FY 2016.
- The practice of depositing federal reimbursements for Medicaid expenditures made with state GRF dollars into the GRF started in FY 1976. Since then GRF appropriations for Medicaid include both state and federal dollars.
- State non-GRF funds for Medicaid come from sources such as hospital assessments and nursing facilities franchise fees that have specific purposes. Federal non-GRF funds for Medicaid are federal reimbursements for expenditures made with non-GRF funds.

Medicaid Expenditures Continued to Rise in FY 2015

Medicaid Expenditures, FY 1990-FY 2015

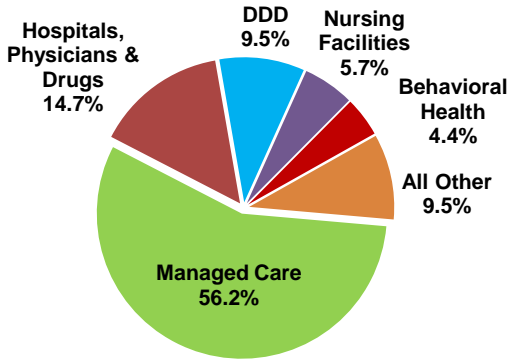


Source: Centers for Medicare & Medicaid Services

- Ohio's Medicaid expenditures continued to rise rapidly in FY 2015 due largely to the ACA Medicaid coverage expansion for Group VIII, which began in January 2014. Total expenditures increased by 9.9% from FY 2013 to FY 2014 and by 12.6% from FY 2014 to FY 2015. In contrast, expenditures grew by just 2.9% per year from FY 2011 to FY 2013 as the economy gradually expanded following the Great Recession.
- Medicaid expenditures in FY 2015 totaled \$23.2 billion, over eight times greater than FY 1990 expenditures of \$2.7 billion. The average annual growth rate during this period was 9.2%.
- Medicaid expenditures also rose rapidly in the early 1990s and 2000s, averaging 23.2% per year from FY 1990 to FY 1994 and 10.9% per year from FY 2000 to FY 2005. Those high growth rates were a result of an economic downturn, increasing health care costs, and eligibility expansions.
- Since FY 1990, the federal government has reimbursed around 60% of Ohio's Medicaid expenditures. For Group VIII, the federal government will reimburse 100% through 2016, gradually stepping down to 90% by 2020. The non-Group VIII federal share is determined annually based upon the most recent per capita income for Ohio relative to that of the nation; the federal share has been around 64% in recent years. From October 1, 2008 to June 30, 2011, federal reimbursement for Medicaid was enhanced under the American Recovery and Reinvestment Act of 2009 and P.L.111-226.

Managed Care Comprises Over Half of Total Medicaid Service Expenditures

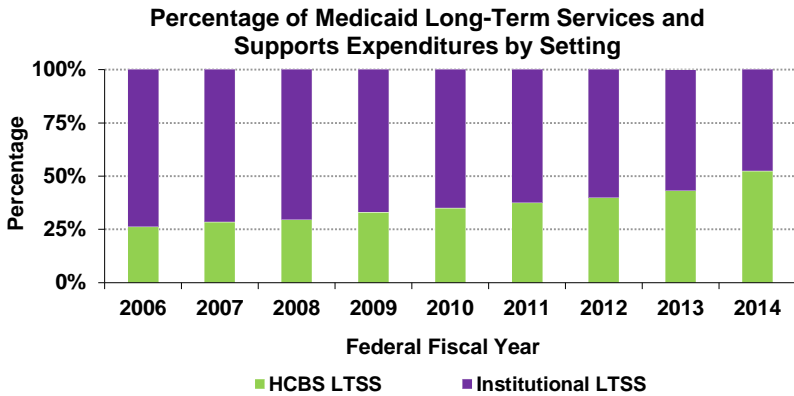
Medicaid Service Expenditures by Category, FY 2016



Source: Ohio Administrative Knowledge System

- In FY 2016, Medicaid service (excluding administration) expenditures totaled \$24.5 billion. Managed Care comprised the largest share at \$13.7 billion (56.2%), including \$3.8 billion (15.7%) for Ohioans (Group VIII) who became eligible for Medicaid through the federal Affordable Care Act (ACA).
- The ACA expansion, which started in January 2014 in Ohio, extended Medicaid benefits to previously uncovered Ohioans who earn less than 138% of the federal poverty level. The Group VIII caseload averaged 677,000 in FY 2016. The federal reimbursement rate for this group is 100% through 2016, 95% in 2017, 94% in 2018, 93% in 2019, and 90% in 2020 and beyond.
- In FY 2016, spending totaled \$2.9 billion (11.7%) for Hospitals, \$468.2 million (1.9%) for Prescription Drugs, and \$259.7 million (1.1%) for Physicians, all encompassing fee-for-service expenditures.
- Spending by the Department of Developmental Disabilities (DDD), which totaled \$2.3 billion (9.5%) in FY 2016, funds Medicaid waivers and intermediate care facilities for individuals with intellectual disabilities.
- Spending on Nursing Facilities totaled \$1.4 billion (5.7%) in FY 2016 and primarily serves the aged, blind, and disabled population. Medicaid is the largest payer of nursing facilities in Ohio.
- Behavioral Health spending, which totaled \$1.1 billion (4.4%) in FY 2016, supports enrollees with mental health or addiction-related needs.
- The \$2.3 billion spending in the All Other category includes \$472.9 million (1.9%) for Medicare Buy-In, which assists certain enrollees with premiums, deductibles, and coinsurance payments, and \$305.6 million (1.2%) for Medicare Part D, which repays the federal government the amount the state would have spent on Medicaid prescription drugs for dual eligible enrollees.

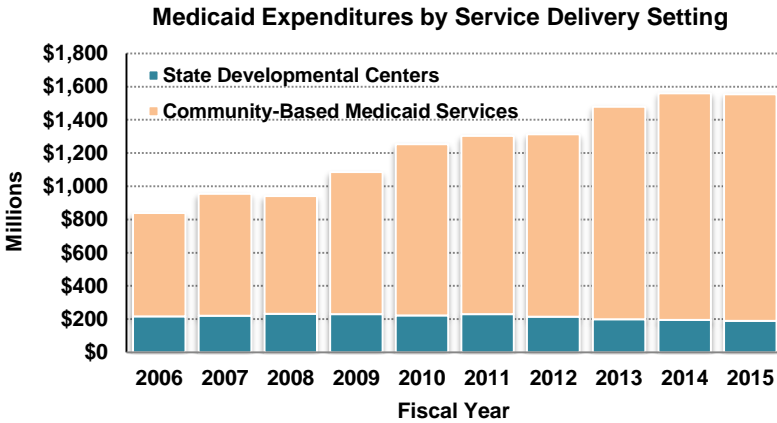
Percentage of Medicaid Expenditures for Home and Community-Based Services Increases Steadily



Source: Centers for Medicare & Medicaid Services

- The home and community-based service (HCBS) share of Medicaid long-term services and supports (LTSS) expenditures increased steadily from 26.2% in FFY 2006 to 52.4% in FFY 2014. In contrast, the percentage expended on institutional LTSS decreased from 73.8% in FFY 2006 to 47.6% in FFY 2014.
- LTSS are medical and personal care services and supports provided to individuals with chronic illnesses or limitations who need assistance with activities of daily living such as meal preparation, medication administration, and bathing. LTSS are provided in institutional facilities (nursing facilities or intermediate care facilities for individuals with intellectual disabilities) or in the home or community through programs such as PASSPORT, MyCare Ohio, or Individual Options.
- Institutional LTSS generally cost more than HCBS LTSS due largely to room and board costs in an institutional setting. In state fiscal year 2014, the average annual cost for institutional care was approximately \$57,300 per person compared with \$25,500 per person for HCBS.
- In June 2013, Ohio was awarded \$169.1 million in additional federal Medicaid reimbursements through the Balancing Incentive Program (BIP), which requires at least 50% of a state's total Medicaid LTSS expenditures to be for HCBS by September 30, 2015. Ohio achieved this milestone on September 10, 2014.
- Additional BIP requirements include establishing a no-wrong-door/single-entry-point into the LTSS system, implementing case management services that are free of conflicts of interest, and creating a standardized assessment tool for determining an individual's level of care need.

Spending on Community-Based Services Increases as Spending on State Developmental Centers Stagnates

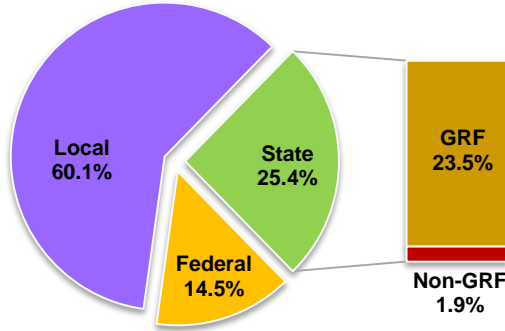


Source: Ohio Department of Developmental Disabilities

- From FY 2006 to FY 2015, Medicaid expenditures for home and community-based services for individuals with developmental disabilities increased 120% from \$621.7 million to \$1.37 billion, while expenditures for individuals in state developmental centers (DCs) decreased 13% from \$217.6 million to \$190.4 million.
- The Department of Developmental Disabilities (DODD) administers four community-based Medicaid waiver programs that enable individuals with developmental disabilities to remain in their homes or community settings. These programs provide services to increase skills, competencies, and self-reliance and to maximize quality of life while ensuring health and safety.
- Enrollment in DODD's waiver programs grew from about 19,000 in FY 2006 to 35,200 in FY 2015, an increase of 85%.
- DODD currently operates ten regional DCs that provide habilitative environments for individuals with severe disabilities. However, two of these DCs are scheduled to close by the end of FY 2017. In FY 2006, there were about 1,605 residents living in DCs. By FY 2015, the number of residents was 888, a decrease of 45%.
- In FY 2015, the average monthly cost of an individual in a DC was about \$16,500, while the average monthly cost of an individual on a waiver was about \$1,200 for Level 1, \$5,800 for Individual Options, \$1,800 for Transitions DD, and \$1,500 for the Self-Empowered Life Funding waivers.
- In addition to state developmental centers and home and community-based services, Medicaid also pays for individuals in private intermediate care facilities. In FY 2015, payments to these facilities totaled \$538.6 million.

Locals Provided 60% of Funding for Non-Medicaid Behavioral Health Services in FY 2015

Non-Medicaid Behavioral Health Services Spending by Funding Source, FY 2015

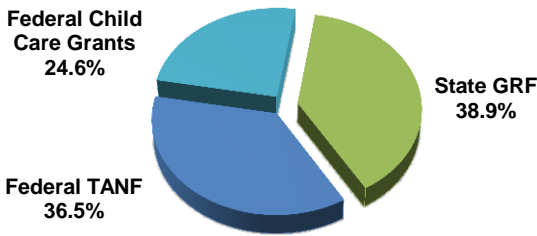


Sources: Ohio Department of Mental Health and Addiction Services; Ohio Department of Medicaid

- In FY 2015, non-Medicaid behavioral health services funding totaled \$564.3 million. Local levies and other county funds comprised \$339.3 million (60.1%) of the total. State funds accounted for \$143.1 million (25.4%) of the total, including \$132.3 million (23.5%) from the GRF and \$10.8 million (1.9%) from various non-GRF funds. The federal government provided the remaining \$81.9 million (14.5%).
- The Ohio Department of Mental Health and Addiction Services (OMHAS) is responsible for ensuring that behavioral health services are available across the state through a system of local behavioral health boards and state psychiatric hospitals.
- In FY 2015, 51 community-based behavioral health boards served over 529,000 individuals across the state. Boards contract with various service providers to deliver behavioral health services to clients in the community.
- OMHAS operates six regional psychiatric hospitals to provide inpatient services. During FY 2015, state hospitals served 8,334 individuals. Average daily cost per resident was \$597.95.
- Behavioral health services are also provided under Medicaid. In FY 2015, about 418,000 of the individuals served by the behavioral health services system operated by OMHAS were eligible for Medicaid. The costs for serving those individuals totaled \$965.9 million. Of this total, \$687.4 million (71.2%) was the federal share of Medicaid payments and \$278.5 million (28.8%) was the state share.

Majority of Subsidized Child Care Was Funded by Federal Grants in FY 2015

Child Care Expenditures by Funding Source, FY 2015



Sources: Ohio Department of Job and Family Services; Ohio Administrative Knowledge System

- Of the \$575.0 million Ohio spent on subsidized child care in FY 2015, \$351.3 million (61.1%) was from federal funds. In that year, a monthly average of 113,751 children received subsidized child care, at an average monthly cost of \$421 per child.
- The federal TANF Block Grant portion totaled \$209.9 million, accounting for 59.7% of federal child care funding and 36.5% of the combined state-federal total. Ohio's TANF Block Grant is \$728 million per year and is also used for cash assistance and other programs for the indigent.
- Federal Child Care and Development Fund (CCDF) grants accounted for \$141.4 million (24.6%) of the total. There are three separate CCDF grants: a discretionary grant, a mandatory grant, and a matching grant.
- State GRF dollars accounted for the remaining \$223.7 million (38.9%). Ohio is required by the federal government to expend approximately \$84.7 million each year to receive the CCDF mandatory and matching grants.
- For families enrolled in or transitioning out of the Ohio Works First Program, child care is guaranteed, but for most families, eligibility is based on income level. Families with incomes up to 130% of the federal poverty level (\$26,208 annually for a family of three in 2016) are eligible for initial services if funding is available; families may remain eligible until their incomes rise above 300% FPL (\$60,480 annually for a family of three in 2016). Families pay copayments to providers on a sliding scale based on income.
- The federal CCDF grants are also used for administration, quality activities, and other nondirect services. Quality activities include licensing, inspecting, and rating of child care centers and programs. Nondirect services include eligibility determination, rate setting, and staff training. Federal guidelines cap spending for administration at 5% of CCDF funds and require at least 4% to be used to improve child care quality. However, there currently is no specific spending target for nondirect services.

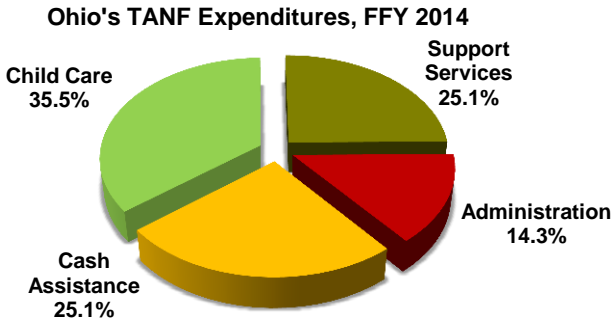
Ohio's Percentage of Preterm Births and Infant Mortality Rate Exceed National Statistics

Ohio Infant Health Statistics by Race/Ethnicity		
Category	Ohio	U.S.
% of Preterm Births, 2014	10.3%	9.6%
Non-Hispanic White	9.5%	8.9%
Non-Hispanic Black	13.8%	13.2%
Hispanic	10.2%	9.0%
Infant Mortality Rate (per 1,000 births), 2011-2013	7.6	6.0
Non-Hispanic White	6.3	5.1
Non-Hispanic Black	13.6	11.3
Hispanic	6.9	5.1

Sources: Kaiser Family Foundation State Health Facts; Ohio Department of Health

- In 2014, 10.3% of all births in Ohio were preterm births (less than 37 weeks of gestation) compared to the national average of 9.6%. Similar to the national pattern, the percentage of preterm births in Ohio for non-Hispanic black infants (13.8%) was higher than the percentage for both non-Hispanic white (9.5%) and Hispanic (10.2%) infants.
- In 2014, there were a total of 14,302 preterm births in Ohio. Preterm birth makes infants more vulnerable to developmental and medical problems. The average health care cost in the first year of life for a premature infant is approximately \$38,400 as compared to \$4,000 for a full-term, healthy infant.
- During 2011-2013, Ohio's overall infant mortality rate of 7.6 (infant deaths per 1,000 live births) ranked 5th highest among the states and was higher than the national rate of 6.0. The rate for non-Hispanic blacks in Ohio and in the United States was more than twice the rate for non-Hispanic white infants.
- The leading medical causes of infant mortality are premature birth, birth defects, and sudden unexpected infant deaths, including sudden infant death syndrome and accidental rollover or suffocation. Factors such as poverty, maternal smoking, lack of education and prenatal care, and poor nutrition may increase the risk of infant mortality.

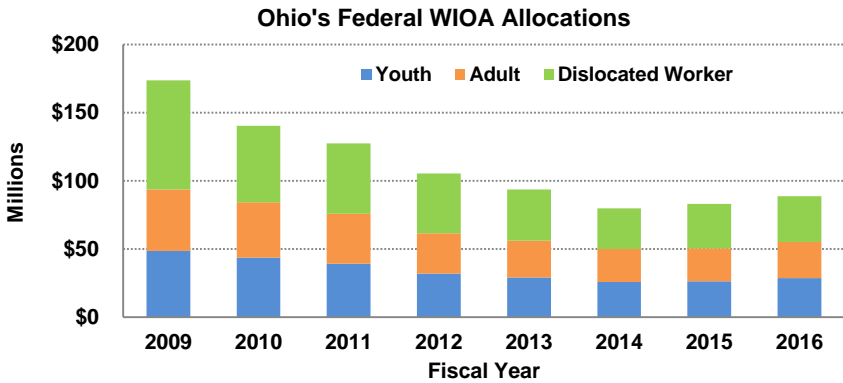
Child Care Accounted for Almost 36% of Ohio's TANF Expenditures in Federal Fiscal Year 2014



Source: U.S. Department of Health and Human Services

- In FFY 2014, subsidized child care accounted for \$399.4 million (35.5%) of Ohio's \$1.13 billion in total Temporary Assistance for Needy Families (TANF) expenditures. Subsidized child care is available to children in families with incomes up to 130% of the federal poverty level (\$26,208 for a family of three in 2016). An average of 113,000 children received subsidized child care each month in state fiscal year 2014. In addition to TANF dollars, other state and federal funds are also used to pay child care providers.
- Cash assistance payments provided under the Ohio Works First (OWF) program, accounted for \$282.6 million (25.1%) of total TANF expenditures in FFY 2014. During this same year, an average of 63,123 assistance groups received OWF benefits each month with an average monthly benefit of \$373.
- Eligible OWF assistance groups must include a minor child or pregnant woman and have income of no more than 50% of the federal poverty level (\$10,080 for a family of three in 2016). Heads-of-households must sign a self-sufficiency contract that includes a work plan. Benefits are time-limited to 36 months, but time and income limits and work requirements do not apply to "child-only" cases, in which a relative caregiver receives the benefit on behalf of a child.
- Support services (\$282.3 million) are short-term noncash benefits provided at the local level and may include shelter, job-required clothing, household necessities, home repair, transportation, and other services allowable under federal law. Administration (\$161.0 million) includes both state and local activities such as eligibility determination and case management.
- Ohio's TANF resources total about \$1.15 billion each year: \$728 million from the federal TANF Block Grant and \$417 million in state funds to meet the TANF maintenance of effort requirement.

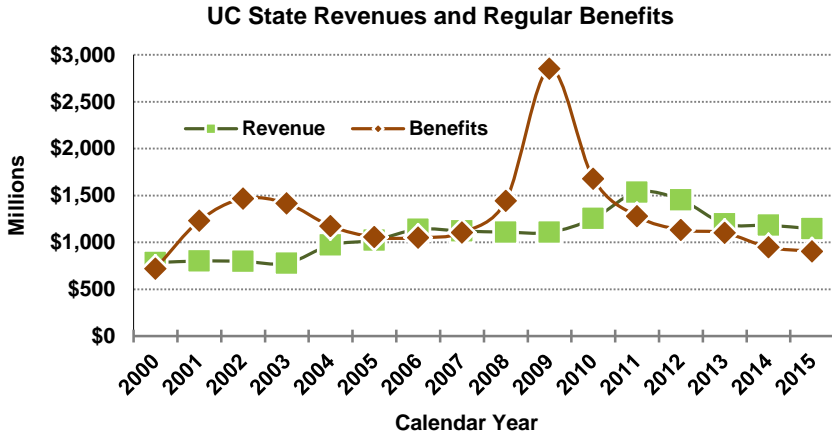
Ohio's Federal Workforce Innovation and Opportunity Act Grants Increased in the Last Two Years



Sources: U.S. Department of Labor; Federal Funds Information for States; ODJFS

- Ohio's federal Workforce Innovation and Opportunity Act (WIOA) grants, which superseded the Workforce Investment Act (WIA), increased 4.2% in FY 2015 and 6.8% in FY 2016, reversing a trend of annual decline that started in FY 2010. From FY 2009 to FY 2014, Ohio's WIA grants decreased 54.1% from \$173.7 million to \$79.8 million.
- Ohio's WIOA grants in FY 2016 totaled \$88.9 million, including \$28.6 million for Youth, \$26.5 million for Adults, and \$33.8 million for Dislocated Workers.
- The increases seen over the last two fiscal years are the result of the passage of WIOA, which consolidated funding from other federal workforce programs and resulted in a higher WIOA allocation nationally. Ohio's share of the increase in available funds was partially offset by the state's decreased proportion of unemployed and economically disadvantaged youth and adults compared to other states. WIOA grants are largely distributed based on each state's share of the total unemployed and economically disadvantaged nationwide.
- WIOA is administered at the state level by the Ohio Department of Job and Family Services (ODJFS) and locally by 20 regional workforce investment boards. Service delivery is provided by 90 local OhioMeansJobs (One-Stop) centers, with at least one center in each county.
- ODJFS is required to distribute 85% of the state's total annual WIOA grants to Ohio's workforce investment boards for service delivery. Boards have two years to expend WIOA grants. The remaining WIOA dollars are used by ODJFS to help areas in the state that experience mass layoffs (10%) and for administration and other statewide workforce programs (5%). ODJFS may expend WIOA funds over three years for these purposes.

Ohio's Unemployment Compensation Revenues Exceeded Benefit Payments the Last Five Years



Source: Ohio Department of Job and Family Services

- The state's regular unemployment compensation (UC) revenues have exceeded benefits every year since 2011. In 2015, UC revenues totaled \$1.14 billion, \$240.2 million higher than net benefit payments of \$904.2 million.
- Benefits peaked in 2009 at \$2.85 billion, almost 3.2 times the total paid in 2015, while revenue peaked in 2011 at \$1.54 billion, 1.3 times the total collected in 2015. Generally, revenues decrease during periods of relative economic strength, as employers' state tax rates are adjusted downward to compensate for the decline in benefits paid out.
- State UC revenue is derived from taxes paid by Ohio employers on the first \$9,000 of each employee's wages. Rates are set in state law and are based on an employer's "experience" of unemployment. In 2015, the tax rates ranged from 0.3% to 8.6% and averaged about 2.6%, or \$235 per employee.
- During years of shortfall, the state draws down the balance in Ohio's Unemployment Compensation Fund to pay benefits. The balance of the fund peaked in August 2000, at \$2.42 billion, and steadily declined until January 2009, when the fund was depleted.
- Upon depletion, Ohio began borrowing from the federal government to pay benefits. Ohio borrowed a total of \$3.39 billion. The entire loan was paid off by the end of August 2016.
- Interest on borrowed amounts, which totals \$257.7 million, must be paid with state funds. The federal government waived interest in 2009 and 2010.

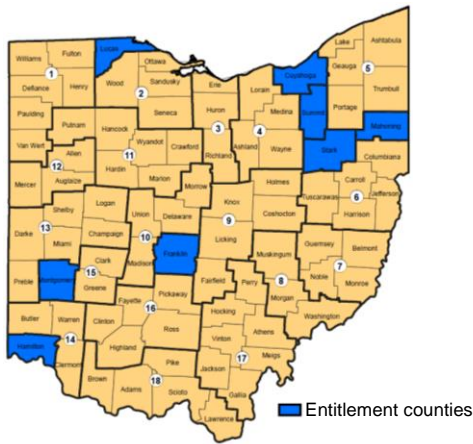
Workers' Compensation Claims and Benefits Paid Are Declining

Workers' Compensation Benefits and Claims, FY 2011-FY 2015					
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Benefits (\$ in millions)					
Medical	\$778.9	\$748.9	\$705.8	\$662.3	\$615.5
Lost Time	\$1,053.7	\$1,078.7	\$1,076.0	\$1,061.4	\$1,033.1
Total	\$1,832.6	\$1,827.6	\$1,781.8	\$1,723.7	\$1,648.6
Number of New Allowed Claims					
Total	104,835	101,165	97,041	97,572	93,936
Number of Open Claims					
Total	1,129,873	1,070,056	958,625	858,773	791,638

Source: Ohio Bureau of Workers' Compensation

- Total benefits paid by the Bureau of Workers' Compensation (BWC) for lost time and medical claims have declined steadily. In FY 2015, lost time and medical benefits paid totaled \$1.65 billion, 10.0% (\$184.0 million) less than the \$1.83 billion paid in FY 2011.
- Medical claims accounted for the majority of the decline in total benefits. From FY 2011 to FY 2015, medical claim benefits declined by 21.0% (\$163.4 million) while lost time benefits declined by 2.0% (\$20.6 million).
- The number of claims, both new and open, also declined over this five-year span. From FY 2011 to FY 2015, new allowed claims dropped 10.4% and open claims dropped 29.9%.
- BWC tracks injury claims among 11 industry sectors. Injuries suffered by workers in the service industry accounted for the largest number of new claims in FY 2015. There were 29,193 (31.1%) new claims in service industries, 19,179 (20.4%) in manufacturing, and 11,580 (12.3%) in commercial industries. The remaining 33,984 claims (36.2%) came from the other eight industry sectors.
- BWC's net assets totaled almost \$9.27 billion at the close of FY 2015, 2.0% lower than the \$9.46 billion at the close of FY 2014. The decline was primarily attributable to premium rebates of \$600 million issued in FY 2015. Lower returns from BWC's investment portfolio also contributed.
- BWC issued policies to 253,106 employers in FY 2015, including 3,928 state and local public employers. Slightly fewer than 1,200 employers qualified to self-insure in FY 2015.

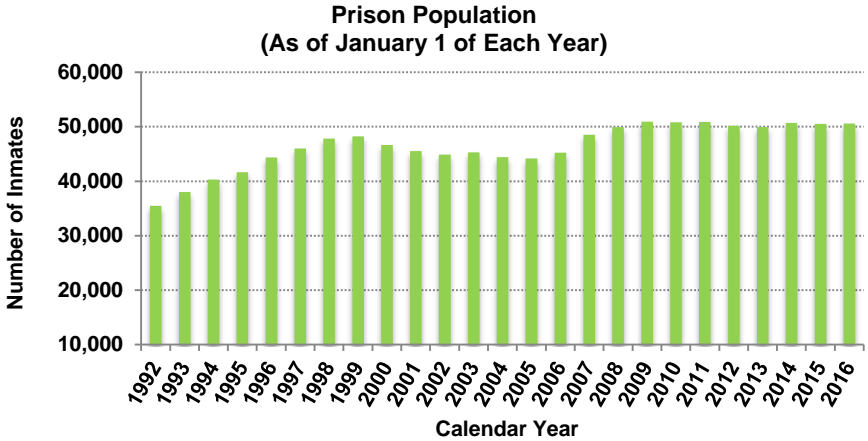
Nine Continuums of Care Coordinate Homelessness Prevention and Assistance Services in Ohio



Sources: Ohio Development Services Agency; Ohio Housing Finance Agency; U.S. Department of Housing and Urban Development

- The homelessness prevention and assistance services in Ohio are coordinated by eight urban federally designated entitlement counties, referred to as Continuums of Care (CoCs), and the Balance of State CoC, which represents the other 80 counties. As the above map shows, the eight county-based CoCs are Cuyahoga, Franklin, Hamilton, Lucas, Mahoning, Montgomery, Stark, and Summit. The Balance of State CoC consists of 18 regional homelessness prevention and assistance organizations.
- CoCs receive both federal and state funds to deliver homelessness prevention and assistance services. In federal fiscal year 2015, the U.S. Department of Housing and Urban Development awarded Ohio \$95.5 million for various homelessness prevention and housing services projects. Of this total, \$78.0 million was distributed to eight county CoCs and \$17.5 million went to the organizations in the Balance of State CoC.
- The Development Services Agency and the Ohio Housing Finance Agency allocated a total of \$45.7 million in state funding in FY 2015 for homeless housing programs and services. Of this funding, \$39.8 million came from the Ohio Housing Trust Fund and \$5.9 million came from the unclaimed funds.
- In January 2015 there were estimated to be 11,182 individuals experiencing homelessness in Ohio. This was a decrease of 20% from the all-time high count of 13,977 in January 2012.
- Cuyahoga, Franklin, and Hamilton counties accounted for 42% of all individuals experiencing homelessness in January 2015. Lucas, Mahoning, Montgomery, Stark, and Summit counties accounted for another 28%. The 80 Balance of State CoC counties accounted for the remaining 30%.

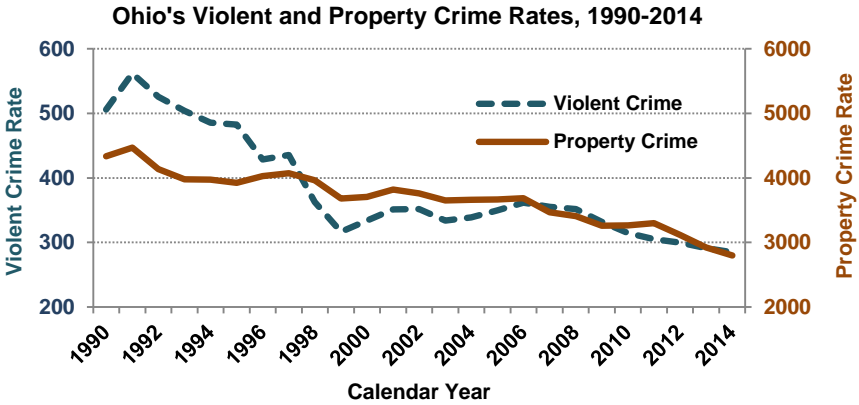
Prison Population Hovers Around 50,000 in Recent Years



Sources: Ohio Department of Rehabilitation and Correction; U.S. Bureau of Justice Statistics

- As of January 1, 2016, Ohio's prison population totaled 50,534, a year-over-year increase of 0.1% (58 inmates). Ohio's prison population has hovered around 50,000 in each January of the past eight years. Overall, it decreased by 0.7% (350 inmates) from 2009 to 2016.
- In November 2008, the prison population reached its all-time high of 51,273. During the 25-year period from 1992 to 2016, Ohio's prison population increased by 42.6% (15,088 inmates). The female share of the total prison population increased from 6.4% to 8.3% in the same period.
- From 1992 to 2016, Ohio's prison population growth went through four phases. The population increased by an average of 4.5% per year from 1992 to 1999, followed by an average annual decline of 1.4% through 2005. The population grew again from 2006 to 2009, at an average rate of 3.6% per year. Since then, annual changes in Ohio's prison population have been relatively small. It decreased by 0.1% per year on average through the start of 2016.
- As of July 1, 2016, Ohio's prison system consisted of 27 correctional institutions (two privately operated), 12,144 staff, and 50,839 inmates.
- The average cost to incarcerate an inmate in an Ohio prison was \$24,715 per year, or \$67.71 per day, as of July 2016. Security (supervision and control of inmates) is the primary component of the average cost at about 44%.
- As of December 31, 2014, Ohio's prison population ranked 6th in the nation, behind Texas, California, Florida, Georgia, and New York. Pennsylvania, Illinois, Michigan, and Arizona ranked just below Ohio. That year, Ohio accounted for 3.8% of the nation's prison population and 3.6% of its general population. The comparable statistics for the top ten states in prison population, including Ohio, were 55.3% and 51.2%, respectively.

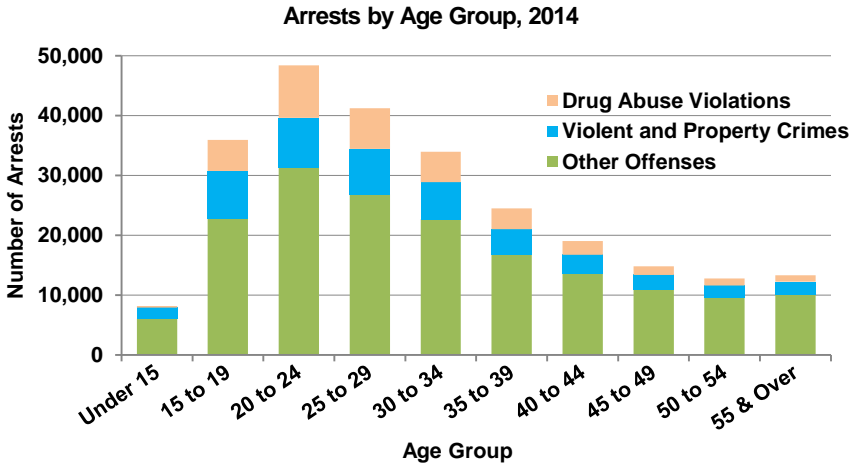
Ohio's Violent and Property Crime Rates Are Both on Long-Term Decline



Source: Federal Bureau of Investigation, Uniform Crime Reporting Statistics

- In 2014, Ohio's violent crime rate, as measured by the number of such crimes per 100,000 population, reached a 25-year low of 285. This was 43.7% lower than the 1990 rate of 506 and 49.3% lower than the peak rate of 562 in 1991.
- During the past 25 years, both Ohio's and U.S. violent crime rates were on a long-term decline. On average, Ohio's rate was 28.1% below the U.S. rate annually during this period. Ohio's violent crime rate declined significantly in the 1990s, followed by small increases through 2006. Since then, the rate declined by 2.9% per year on average.
- From 1990 to 2014, Ohio's annual property crime rate fluctuated somewhat, but also trended generally downward, from 4,337 such crimes per 100,000 population in 1990 to a low of 2,799 per 100,000 population in 2014, a 35.5% decrease. Ohio's property crime rate reached its peak of 4,471 in 1991.
- In the 1990s, Ohio's property crime rate was lower than the U.S. rate, by 10.7% per year on average. Since 2000, however, Ohio's rate has been above the nation's. In 2014, Ohio's property crime rate was 7.8% higher.
- In 2014, violent crimes reported in Ohio totaled 33,030, of which 14,771 (44.7%) were aggravated assaults and 12,753 (38.6%) were robberies. From 1990 to 2014, aggravated assaults and robberies declined by 48.6% and 37.6%, respectively.
- In 2014, 324,528 property crimes were reported in Ohio, consisting of 227,668 (70.2%) larceny-thefts, 78,845 (24.3%) burglaries, and 18,015 (5.6%) motor vehicle thefts. From 1990 to 2014, the number of motor vehicle thefts declined by 66.1%, burglaries by 26.0%, and larceny-thefts by 26.7%.

Ohioans Under 35 Years of Age Accounted for Two-Thirds of All Crime Arrests in 2014

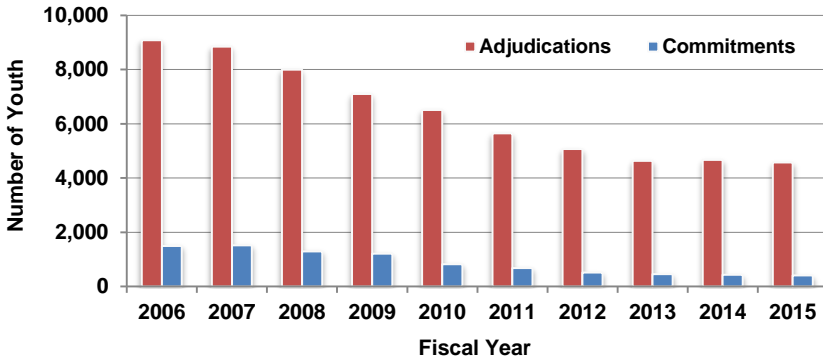


Source: FBI, Uniform Crime Report, Supplemental Data 2014

- In 2014, Ohio reported a total of 252,013 arrests to the FBI as part of the nationwide Uniform Crime Reporting Program, which excludes citations for traffic violations. Two-thirds (66.5%, 167,654) of those arrested in 2014 were under age 35, including 3.2% (8,165) in the under 15 age group, 14.3% (35,920) in the 15-19 age group, 19.2% (48,380) in the 20-24 age group, 16.4% (41,229) in the 25-29 age group, and 13.5% (33,960) in the 30-34 age group.
- Of the total arrests reported in 2014, 18.4% (46,414) were for violent and property crimes (murder, nonnegligent manslaughter, rape, robbery, aggravated assault, burglary, larceny-theft, motor vehicle theft, and arson), 14.0% (35,406) were for drug abuse violations (possession, manufacture, or sale of drugs), and 67.5% (170,193) were for all other offenses. The comparable U.S. figures were 18.3%, 14.0%, and 67.8%, respectively.
- The 20-24 age group also made up the largest share in each of the three arrest categories: violent and property crimes (18.0%, 8,337), drug abuse violations (24.7%, 8,751), and all other offenses (18.4%, 31,292).
- Of the persons arrested in Ohio in 2014, 69.4% were white and 30.2% were black compared with the U.S. averages of 69.4% and 27.8%, respectively.
- Of the persons arrested in Ohio in 2014, 71.5% were male and 28.5% were female. The corresponding U.S. figures were 73.3% and 26.7%, respectively.
- In 2014, Ohio's total arrests represented 2.2% of the arrest total for the nation as a whole. For that same year, Ohio's population comprised 3.6% of the nation's total.

Youth Adjudications and DYS Felony Commitments Decline

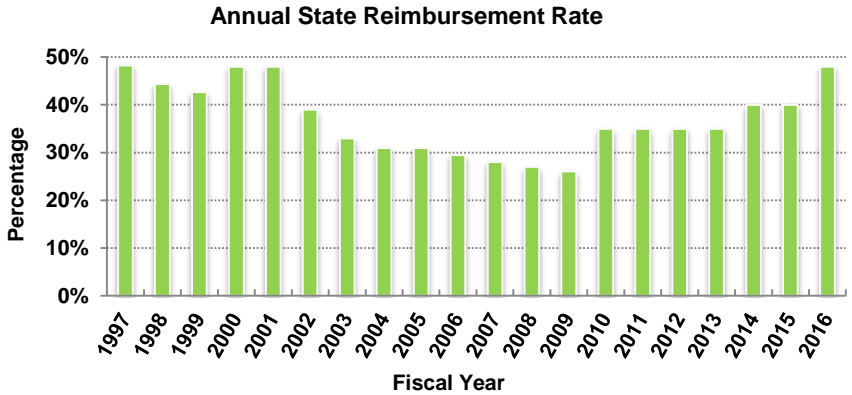
Annual Felony Adjudications and DYS Commitments



Source: Ohio Department of Youth Services

- The number of youth adjudicated delinquent in Ohio's juvenile courts has decreased significantly over the past decade. Overall, it declined from 9,090 in FY 2006 to 4,576 in FY 2015 with an average decline of 7.2% per year.
- Of those youth adjudicated delinquent during this period, 61% committed a felony of the fourth or fifth degree, 51% were age 16 or 17, 87% were male, 47% were black, and 48% were white.
- The number of youth committed to institutions operated by the Department of Youth Services (DYS) has decreased at an even higher rate than adjudications during the past decade. Overall, it declined from 1,496 in FY 2006 to 408 in FY 2015, with an average decline rate of 12.9% per year.
- The decline in annual commitments is partly due to RECLAIM Ohio, which provides money to divert youth from DYS institutions by subsidizing community-based programs. Funding for this purpose increased from \$47.9 million in FY 2006 to \$53.3 million in FY 2015.
- Of the youth committed during this period, 64% were age 16 or 17, 93% were male, 58% were black, and 35% were white.
- The share of youth committed for a felony of the fourth or fifth degree dropped from 46% to 22% over this period, while the share committed for a felony of the first or second degree increased from 34% to 57%.
- In FY 2015, the average daily cost for a youth in the care and custody of DYS was \$542, an increase of 147.5% from the FY 2006 rate of \$219.
- In FY 2006, DYS operated eight institutions with an average daily population of 1,730 youth and 1,712 institutional operations staff. By the end of FY 2015, DYS operated three institutions with an average daily population of 470 youth and 1,073 institutional operations staff.

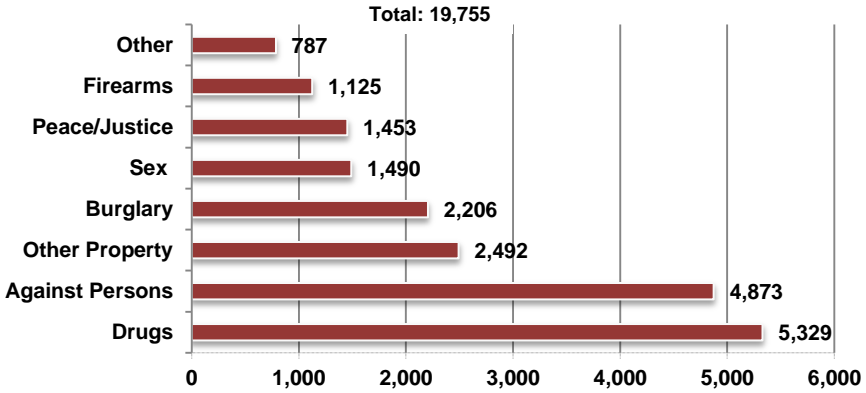
FY 2016 State Reimbursement Rate for Indigent Defense Costs Nearly Matches the 20-Year High of 48.3%



- In FY 2016, the state reimbursed counties 48.0% of their indigent defense costs, slightly below the two-decade high of 48.3% that was recorded in FY 1997. Counties are required to provide and pay for legal counsel for indigent persons when a right to counsel exists. The state reimburses counties up to 50% of allowable costs, subject to available appropriations. FY 1991 was the last year the state reimbursed counties for the full 50% of their allowable costs.
- The state reimbursement rate increased 20% from FY 2015 to FY 2016, due primarily to a \$13.6 million increase in GRF funding for this purpose.
- The state reimbursement rate declined during several years in the 2000s, reaching a low of 26.1% in FY 2009. The FY 2010-FY 2011 biennial budget enacted several non-GRF revenue generating mechanisms that were used to increase the state reimbursement rate to 35% in FY 2010 through FY 2013. Increases in GRF funding further raised the rate to 40% in FY 2014 and FY 2015.
- From FY 1997 to FY 2016, the total cost to the state and counties for providing indigent defense services increased by 142.5% (\$76.6 million), from \$53.8 million to \$130.4 million.
- From FY 1997 to FY 2015, the total number of cases subject to the state's indigent defense reimbursement provisions increased by 44.2% (119,086 cases), from 269,321 to 388,407.
- Counties use one of four general methods of providing indigent defense services: court-appointed counsel (39 counties), county public defender (30 counties), contract with the state's Office of the Ohio Public Defender (11 counties), or contract with a nonprofit corporation (8 counties).

Drugs and Crimes Against Persons Accounted for Over Half of Prison Commitments in FY 2015

Prison Commitments by Offense Category, FY 2015



Source: Ohio Department of Rehabilitation and Correction

- In FY 2015, a total of 19,755 offenders were committed to prison, down 32.0% from a peak of 29,069 in 2007. The majority (51.6%, 10,202) in FY 2015 were for drug offenses or crimes against persons (excluding sex offenses).
- Drug offenders comprised 26.9% (5,329) of total commitments in FY 2015. Of those commitments, 2,535 were convicted of drug possession and 1,824 were convicted of trafficking drugs. Since 2010, the drug offense share of total commitments has hovered around 26%, down from around 30% in the preceding 20-year period.
- Offenders committed for crimes against persons (excluding sex offenses) comprised 24.7% (4,873) of total commitments in FY 2015. Of those commitments, 1,518 were for a robbery-related offense. Since the late 1990s, crimes against persons have constituted around 25% of total commitments.
- Commitments for burglary and other property offenses constituted 11.2% (2,206) and 12.6% (2,492), respectively, of total commitments in FY 2015. The burglary share of total commitments has hovered around 11% in recent years. The other property offenses' share has been on a long-term decline from the 30% range in the early 1990s.
- Sex offenders comprised 7.5% (1,490) of total commitments in FY 2015. The sex offense share of total commitments has historically been in the range of 6% to 7%.
- Offenses against public peace/justice administration and firearms-related offenses comprised 7.4% (1,453) and 5.7% (1,125), respectively, of total commitments in FY 2015. The other commitments in FY 2015 included fraud (477), motor vehicle offenses (300), and other felony offenses (10).

Two-Thirds of New Cases Were Filed in Municipal Courts in 2015

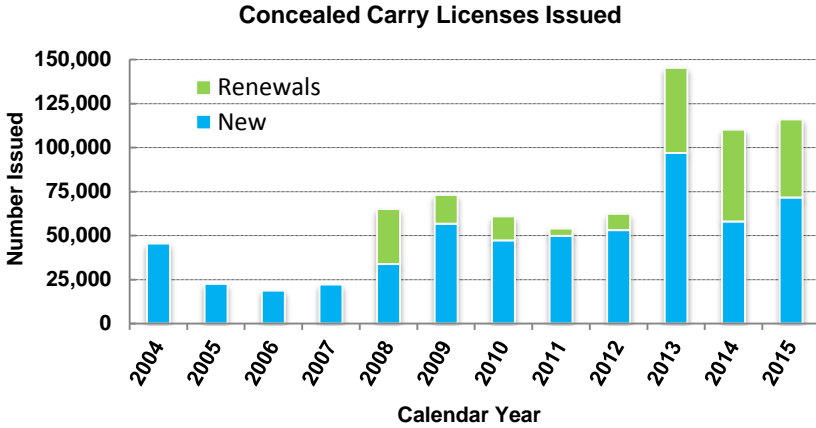
Type of Court	Number of New Cases Filed	% of Total New Cases Filed
Supreme Court	2,107	0.08%
Courts of Appeals	8,841	0.33%
Court of Claims	1,073	0.04%
Courts of Common Pleas	482,098	17.81%
<i>General Division</i>	171,110	6.32%
<i>Domestic Relations Division</i>	62,262	2.30%
<i>Probate Division</i>	87,254	3.22%
<i>Juvenile Division</i>	161,472	5.97%
Municipal Courts	1,810,982	66.92%
<i>Traffic*</i>	1,128,154	41.69%
County Courts	159,443	5.89%
<i>Traffic*</i>	117,098	4.33%
Mayor's Courts	241,731	8.93%
<i>Traffic*</i>	211,473	7.81%
Total	2,706,275	100.00%

*Traffic violations include OVI (Operating a Vehicle While Under the Influence).

Source: Ohio Supreme Court

- In 2015, a total of just over 2.7 million new cases were filed in various courts across the state. Approximately 1.8 million (66.9%) of those new cases were filed in municipal courts.
- Of the total number of new filings in 2015, 482,098 (17.8%) were filed in Ohio's courts of common pleas, mostly with two specialized divisions: (1) general, which hears criminal and civil cases, and (2) juvenile, which hears offenses involving minors and most paternity actions.
- In 2015, of the total new cases filed statewide in the general divisions of the courts of common pleas, 40,479 (23.7%) involved foreclosure, a decrease of 54.5% from a peak of 89,053 new foreclosure filings in 2009.
- Of the 2.7 million new filings in 2015, 53.8% (1.5 million cases) involved traffic law violations (including OVI), generally under the jurisdiction of municipal, county, and mayor's courts. Traffic violations accounted for 62.3%, 73.4%, and 87.5%, respectively, of all cases filed in municipal, county, and mayor's courts.
- The total number of new cases filed annually has declined in eight of the past ten years. The number of new cases filed in 2015 represents a decrease of 808,007 (22.9%) from a peak of 3.5 million new case filings in 2006.

Concealed Carry Licenses Issued Decrease From All-Time High



Source: Office of the Ohio Attorney General

- In calendar year (CY) 2015, the number of concealed carry licenses issued in Ohio totaled 116,140, including 71,589 new licenses and 44,551 renewal licenses. While this total was an increase of 5.4% from CY 2014, it was 20.1% lower than the all-time high of 145,342 licenses (96,972 new licenses and 48,370 renewal licenses) issued in CY 2013.
- In CY 2014, the number of concealed carry licenses issued in Ohio totaled 110,212 (58,066 new licenses and 52,146 renewal licenses), a decrease of 24.2% from CY 2013.
- Ohio's Concealed Handgun Law went into effect in April 2004. Since then, a total of 576,248 new concealed carry licenses have been issued.
- Concealed carry licenses expire five years after issuance. The first renewal period began in 2008. Since then, 219,841 licenses have been renewed.
- Sheriffs must deny an application by any person who fails to meet the eligibility criteria. In 2015, 1,117 licenses were denied.
- Sheriffs must suspend any license upon notification that the licensee has been arrested or charged with certain offenses or if the licensee is the subject of a protection order. They also must revoke the license of any person who no longer meets the eligibility requirements. In 2015, 1,319 licenses were suspended and 530 were revoked.
- Ohio has reciprocity agreements with 36 other states, including all bordering states, allowing Ohioans with permits to carry handguns in those jurisdictions and for those states' citizens with permits to carry handguns in Ohio.

Ohio's Sex Offender Registration and Notification System Includes Nearly 19,000 Offenders

Number of Registered, Nonincarcerated Sex Offenders in Ohio, November 2015			
Sex Offender Classification System	Juvenile Offenders	Adult Offenders	Total Offenders
SORN Law			
Tier I: Required to register for 15 years (adults) or 10 years (juveniles) and verify address annually	417	2,334	2,751
Tier II: Required to register for 25 years (adults) or 20 years (juveniles) and verify address every 180 days	216	3,143	3,359
Tier III: Required to register for life and verify address every 90 days	136	979	1,115
Megan's Law			
	469	10,973	11,442
Grand Total	1,238	17,429	18,667

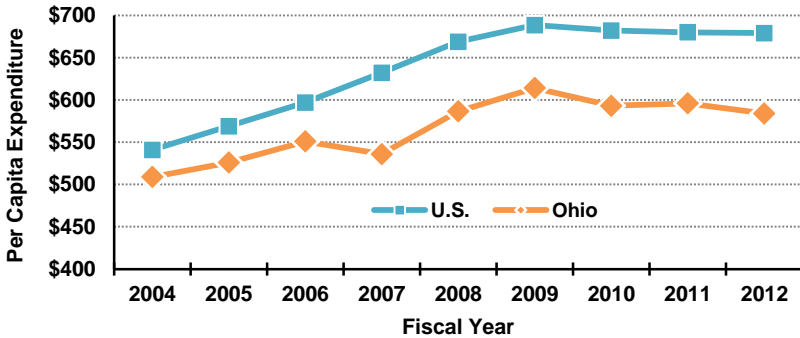
Source: Office of the Ohio Attorney General

- As of November 2015, Ohio had 18,667 registered, nonincarcerated sex offenders.¹ Of this total, 93% (17,429) were adults and 7% (1,238) were juveniles based on their age at the initial offense.
- In September 2009, with the enactment of the Sex Offender Registration and Notification (SORN) Law by S.B. 10 of the 127th General Assembly, Ohio became the first of 17 states that are in substantial compliance with the federal Adam Walsh Child Protection and Safety Act of 2006.
- The SORN Law replaced the state's prior sex offender classification system (Megan's Law) with an "offense-based" system that classifies offenders based upon the severity of the committed offense into three tiers with increasingly strict registration and notification requirements. The SORN Law also required the retroactive reclassification of Megan's Law registrants.
- In June 2010, the Ohio Supreme Court invalidated the retroactive reclassification of Megan's Law sex offenders. As a result, Ohio operates two sex offender registration systems. Megan's Law authorized judges to classify offenders based on their likelihood of committing a future sex offense, a "risk-based" classification. Offenders were required to verify their addresses every 90 days or annually. Registration requirements were for 10 years, 20 years, or life.

¹ Registration requirements are suspended for incarcerated sex offenders in Ohio.

Ohio's Per Capita Justice Expenditures Remain Below National Amount

Per Capita Justice Expenditures for Ohio and U.S.
(Excluding expenditures made by federal agencies)



Source: U.S. Department of Justice, Bureau of Justice Statistics

- In FY 2012, Ohio's per capita justice expenditures were \$584, 14.0% (\$95) below the national amount of \$679. Per capita justice expenditures decreased in FY 2012 in both Ohio (2.0%) and the U.S. as a whole (0.2%).
- Ohio's per capita justice expenditures for FY 2012 consisted of \$278 for police protection, \$148 for judicial services (including prosecution, courts, and public defense), and \$157 for corrections. The respective national amounts were \$311 (police), \$138 (judicial), and \$231 (corrections).
- From FY 2004 to FY 2012, Ohio's per capita justice expenditures increased by 14.7% (\$75), while the national amount increased by 25.6% (\$138). Inflation, as measured by the Consumer Price Index, was 22.3% during this period.
- Ohio's justice expenditures totaled \$6.74 billion in FY 2012. Local governments spent 70.3% (\$4.74 billion), while the state spent the remaining 29.7% (\$2.00 billion).
- In FY 2012, Ohio's per capita justice expenditures ranked 27th highest in the nation among states and Washington, D.C. As shown in the table below, Ohio's per capita justice expenditures in that year were higher than all neighboring states, except for Pennsylvania.

Per Capita Justice Expenditures for Ohio and Neighboring States, FY 2012

State	National Rank	Per Capita Expenditures
Pennsylvania	19	\$652
Ohio	27	\$584
Michigan	29	\$579
West Virginia	41	\$500
Kentucky	48	\$440
Indiana	51	\$394

Ohio Is Below the National Average in Law Enforcement Employee to Resident Ratio

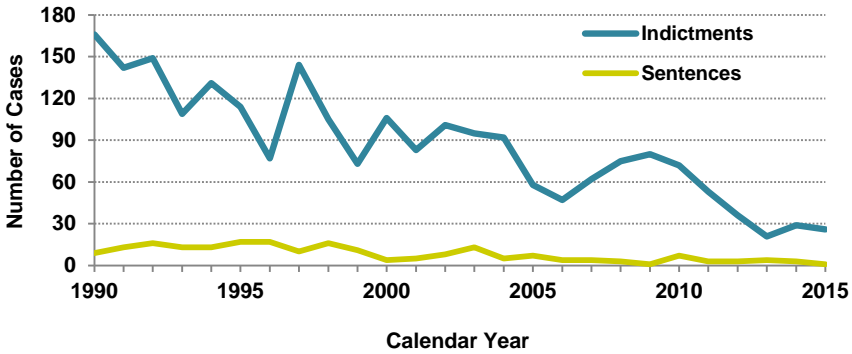
Full-Time Equivalent Law Enforcement Employees, 2014				
State	Total Personnel		Sworn Personnel	
	Per 100,000 Residents	Rank	Per 100,000 Residents	Rank
U.S.	284	--	217	--
Ohio	264	29	200	31
Pennsylvania	251	36	206	28
Indiana	241	38	178	36
West Virginia	220	43	176	37
Kentucky	216	46	171	43
Michigan	209	48	168	45

Source: U.S. Census Bureau

- Ohio had 264 full-time equivalent (FTE) law enforcement employees per 100,000 residents in 2014, which ranked 29th highest in the nation and was below the U.S. ratio of 284.
- Ohio had 200 FTE sworn law enforcement officers (defined as those with arrest powers) per 100,000 residents in 2014, which ranked 31st highest in the nation and was below the U.S. ratio of 217.
- Ohio's FTE law enforcement employee ratio in 2014 was higher than those of all neighboring states. Nationally, the state of New York had the highest ratio of 428 while the state of Washington had the lowest ratio of 198.
- Ohio's FTE sworn officer ratio was higher than all neighboring states, except for Pennsylvania (206). Nationally, the state of New York had the highest ratio (371) and the state of Washington had the lowest (137).
- In 2014, Ohio's average annual salary per FTE sworn officer was \$63,686. This was 13.5% lower than the U.S. average of \$72,285. Alaska and California had the highest average annual salary per FTE sworn officer at \$108,258 and \$107,174, respectively; Mississippi had the lowest at \$37,534.
- Compared to its neighboring states, Ohio's average annual salary per FTE sworn officer in 2014 was higher than West Virginia (\$45,836), Kentucky (\$50,137), and Indiana (\$55,608), but lower than Michigan (\$65,736) and Pennsylvania (\$73,157).

Ohio Capital Indictments and Death Sentences Continue Long-term Decline

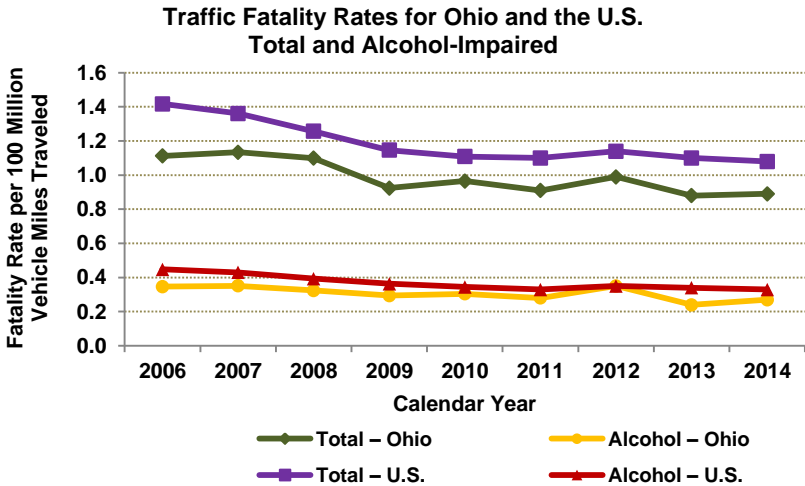
Capital Indictment Filings and Death Sentences Issued



Sources: Office of the Ohio Attorney General; Supreme Court of Ohio; Death Penalty Information Center

- Capital indictments and death sentences in Ohio have been on a long-term decline. In the 1990s, indictments and death sentences averaged 121 and 14 per year, respectively. In the most recent ten years (2006-2015), indictments and death sentences have decreased to an average of 50 and three per year, respectively. In 2015, 26 individuals were indicted for capital murder and one individual was sentenced to death.
- Since Ohio's reinstatement of the death penalty in October 1981, a total of 3,272 capital indictments have been filed, resulting in 324 death sentences being issued for a total of 320 individuals. Four individuals received two death sentences each.
- Of the 320 individuals sentenced to death, 53 have been executed, with an average time served on death row of 16.6 years. The status of the remaining 267 individuals is as follows: active death sentences (142), removed based on judicial action (71), deceased prior to execution (27), commutation (19), and ineligible for death sentence based on intellectual disability (8).
- In October 2015, Ohio postponed all executions until at least 2017 because it has been unable to obtain the necessary lethal injection drugs.
- As of January 1, 2016, Ohio's death row population (142) ranked seventh in the nation behind California (743), Florida (396), Texas (263), Alabama (196), Pennsylvania (180), and North Carolina (155). Arizona (125), Louisiana (81), and Georgia (78) ranked just below Ohio. Of the total number of death row inmates (2,943) nationwide, these ten states accounted for 2,360, or 80.2%. Ohio is one of 31 states that authorize the death penalty.

Ohio's Traffic Fatality Rates Remain Below National Averages

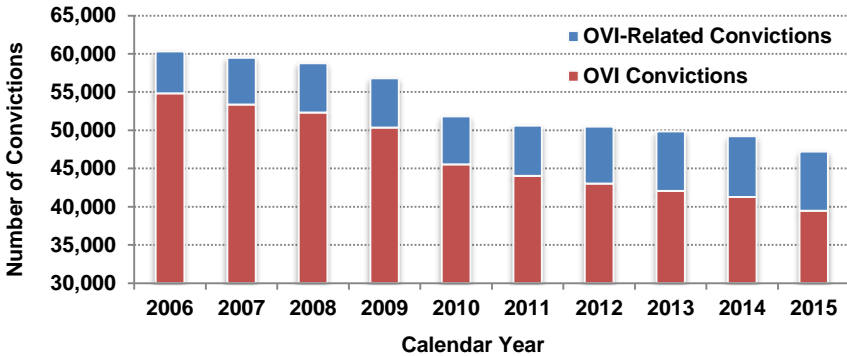


Sources: National Highway Traffic Safety Administration; Ohio Department of Public Safety

- From 2006 to 2014, Ohio's total traffic fatality and alcohol-impaired driving fatality rates, as measured by the number of fatalities per 100 million vehicle miles traveled, were largely below the corresponding national rates.
- During this period, alcohol-impaired driving fatalities accounted for about one-third of total traffic fatalities in both Ohio and the nation as a whole. An alcohol-impaired driving fatality involves a vehicle operator with a blood alcohol concentration (BAC) at 0.08% or higher.
- Ohio's total traffic fatality rate fell 20.0% from 1.11 in 2006 to 0.89 in 2014 and Ohio's alcohol-impaired fatality rate fell 22.2% from 0.35 in 2006 to 0.33 in 2014. In contrast, the corresponding national rates declined 23.8%, from 1.42 to 1.08 and 26.3% from 0.45 to 0.33, respectively. Thus, the gaps between the Ohio and national rates have narrowed over this period.
- In 2014, Ohio reported a total of 282,368 traffic crashes, of which 975 (0.35%) were fatal crashes that killed 1,006 people. Alcohol-impaired driving fatalities accounted for 30.8% (310) of total fatalities. Speeding-related crashes accounted for 27.2% (274) of total fatalities.
- Distracted driving was reported in 48 (4.9%) of Ohio's 975 fatal traffic crashes in 2014, including ten involving cell phone use while driving, and resulted in 58 fatalities (5.8% of total fatalities).
- In 2014, on average 2.8 persons were killed in fatal crashes each day in Ohio, or one person killed every 8.7 hours. Another 275.5 persons were injured each day in crashes, or one injury every 5.2 minutes.

OVI Convictions Declined but OVI-Related Convictions Increased in Past Ten Years

OVI and Related Convictions in Ohio, 2006-2015



Source: Ohio Bureau of Motor Vehicles

- Over the past ten years, the number of drivers convicted of an OVI (operating a vehicle under the influence of drugs or alcohol) charge has decreased by 28%, from 54,841 in 2006 to 39,495 in 2015, with an average decline of 3.6% per year. In contrast, OVI-related convictions¹ have increased by 41.1%, from 5,494 in 2006 to 7,754 in 2015, with an average increase of 4.0% per year.
- In Ohio, a driver is considered to be intoxicated if they have a blood alcohol concentration (BAC) at or above 0.08%. Penalties may include incarceration, treatment intervention, fine, license suspension, and vehicle immobilization or forfeiture, and are enhanced for BAC levels that are at or above 0.17%. On average, 2,070 drivers tested each year with BAC levels at or above 0.17%.
- A driver convicted of an OVI charge pays a mandatory fine ranging from \$375 to \$10,500, depending upon prior convictions and certain other circumstances. State law apportions the fine for purposes such as OVI enforcement, incarceration, indigent defense, drug and alcohol treatment, and vehicle immobilizing or disabling devices.
- Ohio's implied consent law requires drivers to submit to a test if suspected of driving while intoxicated. A refusal triggers an immediate administrative license suspension pending a court hearing. During the past ten years, 1,466 drivers refused to be tested each year on average.
- Convictions for operating a motor vehicle after underage alcohol consumption decreased by 64.5%, from 1,213 in 2006 to 472 in 2015.

¹ These convictions consist almost entirely of "physical control" violations, meaning a driver is in the driver's seat of the vehicle with the ignition key and "under the influence," but the vehicle has not been either started or driven.



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